Supreme Court, U. S.
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JUL 26 1978
MICHAEL RODAK, JR., CLERK

APPENDIX

Volume One
Pages 1a-404a

IN THE

SUPREME COURT OF THE UNITED STATES

Fall Term, 1978

No. 77-1410

William E. Butner, Petitioner,

vs.

United States, et al., Respondents.

ON WRIT OF CERTIORARI TO THE UNITED STATES
COURT OF APPEALS FOR THE FOURTH CIRCUIT

Petition for Certiorari Filed April 4, 1978
Certiorari Granted June 12, 1978

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BANKRUPTCY DOCKET

Name of Bankrupt: GOLDEN ENTERPRISES, INC.

1234 S. Center St.

Hickory, Catawba County, N. C.

District No. 419, Division No. 5, Docket No. 73-0006

Chapter XI, Date Petition Filed: 5-4-73, Voluntary

Occupation: Merchant and Real Estate

Name of Judge: Woodrow W. Jones

Name of Referee: Joseph R. Cruciani

Attorney for Bankrupt: James M. Gaither, Jr.

P. O. Box 2323

Hickory, N. C. 28601

322-5505

Trustee: Joe Cagle

P. O. Box 2050

Hickory, N. C. 28601

704-322-2207

Attorney for Trustee: Joe Cagle

P. O. Box 2050

Hickory, N. C. 28601

Date	Proceedings
5-4-73	File Petition in Proceedings for An Arrangement pursuant to Chapter XI of the Bankruptcy Act, in triplicate. File list of petitioner's creditors and their addresses, and a summary of petitioner's assets and liabilities, with a statement of the location of said assets.
5-7-73	Sending two copies of above papers to Referee in Bankruptcy. Copy of all above papers also sent to Treasury Department, Washington, D.C., and IRS, Greensboro, N. C.
5-15-73	Affidavit of Proposed Attorney
5-15-73	Application to Employ Attorney

5-16-73	Application for further time to file statement of executory contracts schedules and statement of affairs
5-16-73	Application to Stay Suits
5-16-73	Application to Restrain William Grooh and Request for Show Cause hearing
5-16-73	Application for Authority to Operate Business
5-16-73	Application to Stay Enforcement of Liens
5-16-73	Order that William Grooh is restrained from further action
5-16-73	Order Authorizing Operation of Business
5-16-73	Order Staying Suits - until the first meeting of creditors - at which time hearing shall be held appropriate orders entered regarding the continuation of the restraining order

5-16-73	Notice to show cause served by Marshal's office on William Grooh
5-16-73	Hearing on ratifying and confirming sale of Thomasville & Shelby stores
5-18-73	Certificate of Mailing - Notice of Sale and Arrangement
5-21-73	Petition to Sell Assets and To Ratify Prior Sale of Assets
5-22-73	Temporary Order Regulating Operation of Debtor's Business
5-22-73	Special Appearance for Purpose of Objecting to Jurisdiction
5-22-73	Hearing on Show Cause - William Grooh
5-22-73	Order Appointing James M. Gaither, Jr., as Attorney for the Debtor
5-24-73	Referee's Proceeding Memo (William Grooh)
5-24-73	Order Staying Wm. Grooh & Concerning Golden Enterprises in Georgia

5-24-73	Motion by U. S. Attorney Keith S. Snyder
5-29-73	Civil Action - Attachment - Assets Ordered Released and Turned Over
5-30-73	Hearing to Ratify & Confirm Sale at Thomasville & Shelby
5-31-73	Referee's Proceeding Memo (Thomasville Confirmed - Shelby cont'd.)
6-4-73	Order regarding sale of assets & etc., in building on real property known as Southgate Shopping Center, Thomasville, N. C.
6-11-73	Expense of Proceeding for an Arrangement filed by William Grooh
6-14-73	Cash Projection - Commercial Real Estate
6-14-73	Unaudited Financial Statements
6-14-73	Application to Employ Accountant
6-18-73	Order Authorizing Appointment of Accountant

6-18-73	Order Staying Enforcement of Liens
6-18-73	Application to Reclaim Property of Matsushita Electric & Order to Show Cause
6-18-73	Affidavit of Service - W. T. Covington, Jr.
6-27-73	First Meeting of Creditors
6-27-73	Special Statements as of May 4, 1973
6-28-73	Referee's Proceeding Memo (1st Meeting)
6-28-73	Notice to Trustee of His Appointment
6-29-73	Creditors Committee
6-29-73	Order for Transfer of Assets from California to North Carolina
7-9-73	Affidavit of Service - Wayne Paul Huckel (App. to Reclaim and Order to Show Cause by Matsushita Electric Corpo. of America)
7-16-73	Order Appointing The Official Creditors Committee

7-18-73	Affidavit of C. Roland Splawn, Credit Manager of Matsushita
7-18-73	Hearing on Pet. to Reclaim of Matsushita Electric
7-18-73	Order Concerning Inventory Marked "Panasonic" & Order to File Written Response to Petition within 30 days
7-19-73	Referee's Proceeding Memo (Hearing on Pet. to Reclaim)
7-20-73	Petition
7-20-73	Notice and Order to Show Cause
7-20-73	Certificate of Mailing
7-24-73	Hearing on Order to Show Cause (Order Withdrawn w/consent of counsel)
7-24-73	Referee's Proceeding Memo (Order to Show Cause)
8-15-73	Application for extension of time to file plan and the meeting of creditors to be held at a later date

8-15-73	Application for a new lease to be entered into
8-15-73	Consent of creditors' committee to the approval of the lease by the court
8-15-73	Order allowing the new lease to be entered into
8-15-73	Order allowing until September 10, 1973, to file a proposed plan of arrangement with this Court
8-15-73	Preliminary Plan of Reorganization
8-17-73	Answer of Commercial Credit to Petition to Reclaim of Matsushita
8-20-73	Notice of Hearing on Petition to Reclaim of Matsushita
8-24-73	Order regarding Commercial Credit Business Loans, Inc., Secured creditor (the suppliers of goods to Golden Enterprises, Inc., are ordered to show cause by Sept. 6, 1973.

8-24-73	Order Commercial Credit Business Loans, Inc., regarding certain creditors
8-24-73	Order - nunc pro tunc as of July 24, 1973
9-10-73	Plan of Arrangement
9-12-73	Hearing on Pet. to Rec. Panasonic Equip. filed by Matsushita
9-12-73	Ref. Pro. Memo (Pet. to Rec. of Matsushita, Decision by 10-10-73)
9-18-73	Amended Page 1 of Note A in Plan of Arrangement (Inserted in Plan)
9-25-73	List of Exhibits (Matsushita's Pet. to Reclaim Panasonic Equip.)
9-25-73	Hearing on Confirmation or Rejection of Plan (Cont'd. to 10-10-73)
9-25-73	Ref. Pro. Memo (Conf. or Rejection of Plan)
10-10-73	Hearing on Conf. or Rejection of Plan

10-10-73	Ref. Pro. Memo (Conf. or Ref. of Plan - Cont'd. to 10-25-73)
10-18-73	Cert. of Mailing (Mr. Golden) of Hearing on Conf. or Rejection of Plan
10-23-73	Order Allowing MECA to examine inventory of the Debtor and to Allow the Debtor to Extinguish its Debt to MECA in accord with MECA's security interest in "panasonic" items
10-25-73	Cont'd. Hearing on Conf. or Rejection of Plan (Cont'd. from 10-10-73)
10-25-73	Ref. Pro. Memo (Cont'd Hearing on Conf. or Rejection of Plan)
10-25-73	Creditors' Consents to Plan
10-30-73	Motion for Authorization for First Citizens to execute note & deed of trust
11-5-73	Mot. for Authorization for First Citizens to Execute Note & Deed of Trust

11-5-73	Order Authorizing First Citizens to Execute Note & Deed of Trust
11-21-73	Petition For Allowances By Co-Counsel to Creditors' Committee
11-29-73	Appl. for Extension of Time to File Appl. for Confirmation
11-29-73	Appl. for Extension of Time to File Appl. for Attys Fees (Gaither)
11-30-73	Order Allowing Ext. of Time to File Appl. for Conf.
11-30-73	Order Allowing Ext. of Time to File Appl. for Attys Fees
11-26-73	Appl. for Fees - Lawing, Rowe & Co. (Certified Public Accountants)
12-11-73	Amended Plan Filed by Debtor and Attorney
12-19-73	Application for fee for Attorney for the debtor
12-28-73	Application for Extension of Time to file Application for Confirmation

1-2-74	Application of Matsushita Electric Corporation of America for further relief on purchase money security interest in Panasonic merchandise
1-3-74	Order to Show Cause on Application filed 1-2-74 by MECA and hearing set for 1-15-74 at 2:00
1-3-74	Certificate of Mailing - Notice of Hearing 1-15-74 - order and application
1-4-74	Conference Hearing in Chambers Re: Payment to Commercial Credit to be made by 1-15-74
1-14-74	Petition by Shelby Savings and Loan Association for Order to Pay Deed of Trust
1-15-74	Order that Shelby Savings Association be Allowed to Pay on Deed of Trust
1-15-74	Reply To Application of Matsushita Electric Corporation of America for Further Relief

1-15-74	Motion for an Extension of Time For Confirmation or Chapter X
1-15-74	Hearing on Confirmation (not confirmed and continued)
1-15-74	Referee's Proceeding Memo - Hearing on Confirmation
1-15-74	Hearing on MECA's Petition for Relief on Purchase Money Secur. Interest
1-15-74	Referees' Proceeding Memo - Hearing on MECA (Panasonic)
2-14-74	Hearing on Confirmation and Progress Report (continued to 4-17-74)
2-14-74	Judges' Proceeding Memo in Hearing on Confirmation and Progress Report
2-14-74	Statement of Executory Contracts
2-14-74	Statement of Affairs
2-14-74	Motion for an order allowing an amendment to the Plan of Arrangement for the purpose of substituting second mortgagees

2-14-74	Order allowing amendment to Plan of Arrangement substituting second mortgagees
2-14-74	Motion for extension of time and continuance of confirmation hearing for 90 days
2-14-74	Ordered that confirmation hearing be continued to 4-17-74 at 2: 00
2-14-74	Offer to Operate Store and Liquidate Inventory Assets
2-14-74	Oath to List of Creditors (attached to list of creditors filed 5-4-73)
3-13-74	Report of Atty. for Debtor on claims and acceptances
3-27-74	Application to Stay Suits until final decree herein
3-27-74	Order staying suits until final decree
4-17-74	Adjourned confirmation hearing
4-17-74	Judges' Proceeding Memo re adj. confirm. hearing (continued)

4-17-74	Motion by Atty. for Debtor for order re rights of Shelby Savings and Loan in event of default
4-17-74	Motion by Atty. for Debtor and Robert L. McKaughn, Jr., Wm. E. Butner, Jack Sipe Construction for order relating to terms of the secondary deed of trust securing the debt of Golden Enterp.
4-17-74	Motion by Attorney for Debtor re appointment of attorneys for creditors' committee
4-17-74	Ordered that Shelby Savings and Loan have certain rights re lien in event of bankruptcy and that it not be prevented from pursuing other legal rights after application to this court
4-17-74	Ordered that note and deed of trust to Butner, McKaughn, Jr., and Jack Sipe Construction be at interest of

	10% and that parties must apply to this court for any amendment thereto or reclamation
4-17-74	Order appointing Joseph Frier, Jr., Arthur Winard and J. Carroll Abernethy, Jr. as attorneys for the creditors' committee
4-17-74	Motion by Atty. for Debtor for appointment of agent to collect rents
4-18-74	Order appointing Simon Joseph Golden as agent to collect rents, to post $40,000.00 bond, report monthly, and to segregate funds collected
4-18-74	Order Appointing Disbursing Agent James M. Gaither, Jr.
4-22-74	Memorandum of Agreement between Silverman Sales Enterprises, Inc. and Golden Enterprises, Inc. re sale of inventory, fixtures and supplies at Hickory and Shelby stores

4-22-74	Application to sell parcel of real estate and to negotiate for such sale of that real estate
4-22-74	Order to sell real estate upon approval of Court and Creditors' Committee
4-24-74	Order allowing Debtor to accept offer of Silverman to buy inventory, fixtures and supplies and Debtor's atty. to file adv. proceed. against secured creditors
4-26-74	Application to sell property free and clear of liens (inventory, etc.)
4-26-74	Order allowing sale and that time to answer complaint to sell free and clear be shortened to ten days
4-26-74	Complaint of Debtor vs Commercial Credit Business Loans, Inc., Marine Midland Leasing Corporation, U.S.A. (Treasury Department), Employment Security Commission of the State of

	NC, Employment Security Commission of the State of GA, NC Department of Revenue to sell free and clear (A-1)
4-29-74	Summons and Notice of Trial and Affidavit of Service (A-1)
5-8-74	Answer of Director of the Employment Security Agency, State of GA, to complaint of Debtor to sell free and clear of liens (A-1)
5-9-74	Answer of Commercial Credit Business Loans, Inc. to complaint of Debtor and certif. of service (A-1)
5-9-74	Answer of North Carolina Dept. of Revenue to complaint of debtor and certif. of serv. (A-1)
5-9-74	Answer of the Employment Security Commission of North Carolina to the complaint of debtor and cc of letter to debtor's atty. (A-1)

5-10-74	Answer by IRS to complaint of Debtor to sell free and clear and certif. of service (A-1)
5-13-74	Order Approving Agent's Bond
5-13-74	Affidavit and consent to be made party to adversary proceeding filed by Creditors' Committee (A-1)
5-13-74	Motion by Attorney for the Debtor to add creditors' committee (A-1)
5-13-74	Ordered that Debtor be allowed to amend its complaint adding creditors' committee as a defendant (A-1)
5-13-74	Trial on Complaint of Debtor vs secured creditors (A-1)
5-13-74	Judges' Proceeding Memo of Trial continued to 5-29-74, 2:00
5-14-74	Answer of Marine Midland Leasing to Complaint of Debtor (A-1)
5-14-74	Certificate of Mailing of notice to parties of continued trial (A-1)

5-14-74	Certificate of Service by Marine Midland of Answer filed 5-14-74 (A-1)
5-14-74	Notice by Marine Midland of retaining Kennedy, Covington, Lobdell & Hickman as local counsel (A-1)
5-17-74	Application for Extension of Time to File Applications for Compensation for Atty. for Debtor and Attys. for Cred. Comm. to 5/24/74
5-17-74	Request (letter form) of Attys. for Cred. Comm. to have till 6/10/74 to file application for fees
5-20-74	Notice of Hearing on Fees
5-20-74	Certificate of Mailing by JMG on 5/17/74 of Notice of Hearing on Fees
5-21-74	Order allowing Debtor's atty. and Cred. Comm. atty. till 5/24/74 to file applications for fees
5-22-74	Amendment to Complaint of Debtor re priority of liens (A-1) adding

	Creditors' Committee as Defendants (notice and service waived per affidavit 5/13/74)
5-28-74	Application for extension of time to file application for fees and expenses by attorney for debtor
5-28-74	Order allowing attorney for debtor until 5/28/74 to file application for fees and expenses
5-28-74	Application for fees and expenses by attorney for the debtor (suppl.)
5-28-74	Disbursement Order allowing Jack Sipe Construction Co. to begin completion of Phase II of Tate Blvd. realty, Golden to furnish architect's certificate to Shelby Savings and Loan, then Shelby Savings and Loan to disburse, upon completion of construction and receipt of architect's certificate, to 1st Citizens $250,000.00, to Butner &

	Gaither $1964.50, ad valorem taxes and remainder to Jack Sipe Construction Co., and other conditions re Jack Sipe Construction, Wm. Butner and Robt. McKaughn, Jr., note and deed of trust from Golden Enterprises, Inc.
5-28-74	Application for Fees by Lawing, Rowe & Company accountants
5-29-74	Supplement to Petition for attorney's fees for the attorneys of creditors' committee
5-29-74	Application for allowance of rent as an administrative expense under sect. 64 filed by Marine Midland Leasing
5-29-74	Judgment and Order in matter of Debtor vs secured creditors (A-1) that Comm. Credit have 1st priority in matter of proceeds of sale of store inventory

5-29-74	Trial on Complaint of Debtor vs secured creditors to determine priority of liens
5-29-74	Judges' Proceeding Memo
5-29-74	Hearing on Applications for Fees
5-29-74	Judges' Proceeding Memo
5-29-74	Complaint of Debtor vs 1st Citizens Bank & Trust Company and E. Murray Tate, Jr., Trustee; William E. Butner and Robert L. McKaughn, Jr. and James M. Gaither, Jr., Trustee; Tax Collector of the City of Hickory; Tax Collector of Catawba County; Creditors' Committee of Golden Enterprises, Inc.; North Carolina Department of Revenue; United States of America (Treasury Department, Internal Revenue Service); Employment Security Commission of The State of North Carolina; Jack Sipe Construction

	Company to sell 2 real estate lots free and clear of liens (A-2)
5-30-74	Summons and Notice of Trial and Affidavit of Service (A-2)
5-30-74	Certificate of Mailing of Judgment and Order (A-1)
5-31-74	Answer of NC Dept. of Revenue to amended complaint (A-1) and certif. of service
6-4-74	Answer of USA-IRS to complaint of Debtor vs secured creditors to sell realty free and clear of liens (A-2) and certif. of service
6-5-74	Agent J. Golden's report for May, 1974
6-7-74	Answer of ESC of NC to complaint of Debtor (A-2)
6-10-74	Answer of NC Dept. of Revenue (A-2)
6-10-74	Affidavit in support of application for fees and expenses of atty. for debtor

7-18-74	Order allowing debtor till Nov. 14th to file application to confirm and make deposit
7-26-74	Motion by atty. for debtor for allowance of execution of subordination agreement making lease between Golden and Superior Continental superior to deed of trust between Shelby S & L and debtor
7-26-74	Order allowing debtor, Shelby Savings and Loan and Superior Continental to execute subordination agreement re lease
7-26-74	Hearing on Debtor's motion for extension of time to file objection to claim of Marine Midland
7-26-74	Judges' Proc. Memo
7-26-74	Affidavit of Michael J. Rudick of Marine Midland re price of NCR equipment

	Enterprises in settlement of A-1 complaint of Debtor vs secured creditors for determination of liens
7-8-74	Consent judgment of Debtor and Marine Midland Leasing Corp. that Marine be allowed to reclaim NCR equipment and that the secured claim of Maine Midland be reduced accordingly in settlement of A-1 complaint of Debtor vs secured creditors for the determination of liens
7-17-74	Application to extend time for deposit and for filing application to confirm to November 14th, 1974
7-17-74	Debtor's Motion to extend time for filing objection to claim of Marine Midland Leasing Corporation
7-17-74	Notice of Hearing on Motion to file objection (hand delivered to Marine Midland's atty.)

6-10-74	Application for interim allowance of compensation and reimbursement of expenses by atty. for debtor
6-10-74	Affidavit as to division of fees by atty. for debtor
6-11-74	Order allowing fees and expenses of atty. for debtor to 7/17/74
6-13-74	Supplemental petition for allowances by co-counsel for creditor's committee
6-14-74	Adj. trial in matter of Debtor vs secured creditors to sell inventory free and clear of liens from 5-29-74
6-14-74	Judges' Proc. Memo
6-14-74	Trial on debtor's complaint to sell realty free and clear
6-14-74	Judges' Proc. Memo
7-8-74	Consent Judgment of Debtor and Marine Midland Leasing Corp. that trade fixtures and equipment be sold along with the inventory by Silverman Sales

7-26-74	Order allowing Marine Midland to sell the reclaimed NCR equip. for $8,400.00 unless upset bid of at least $9,240.00 is received by 7/31/74 at 5:00
8-1-74	Affidavit of Atty. for Debtor re fees and expenses
8-1-74	Hearing on interim fees for atty. for debtor
8-1-74	Ref. Proc. Memo
8-2-74	Objection of debtor to claim of Marine Midland Leasing
8-2-74	Notice of Hearing on objection to be held 8-22-74
8-7-74	Statement of Cash Receipts and Disbursements by Agent Golden for month of July, 1974
8-12-74	Notice of Motions and Motions filed by atty. for Marine Midland re debtor's objection to Marine Midland's claim

8-20-74	Motion in the Cause in Adversary Proceeding to sell inventory
8-20-74	Notice of Motion in the Cause
8-20-74	Amendment to objection to allowance of claim of Marine Midland
8-22-74	Brief of Atty. for Debtor re attorneys fees payable from proceeds of sale of inventory
8-22-74	Hearing on objection to claim of Marine Midland
8-22-74	Ref. Proc. Memo
8-22-74	Order allowing interim compensation to attorney for the debtor
8-22-74	Judgment and Order compromising and settling the amount of the claim of Marine Midland Leasing Corp.
9-4-74	Statement of cash receipts and disbursements from agent for August
9-20-74	Debtor's objection to William Grooh's (claim) for rent as administrative

	expense
9-30-74	Motion in the Cause to pay appraisal from proceeds of Shelby S & L loan
10-2-74	Order allowing Shelby Savings and Loan to pay appraisal
10-3-74	Monthly report of Joe Golden, agent
11-4-74	Statement of Cash Receipts and Disbursements - Oct. 1 to Oct. 31, 1974
11-5-74	Description of Lease Agreements
11-5-74	Monthly Income From Leases
11-5-74	Description of Mortgages
11-13-74	Motion of debtor to continue deposit due date from 11-14-74 and for alternative relief
11-13-74	Certificate of Mailing of Notice of hearing on objection to claim of William Grooh
11-14-74	Notice of hearing to show cause why case should not be converted to straight bankruptcy

11-18-74	Request of Admissions filed by Atty. for Wm. Grooh
11-29-74	Reply to request for admissions and certif. of service
12-5-74	Affidavit of James M. Gaither, Jr., Attorney for Debtor
12-5-74	Hearing for debtor to show cause why motion to extend time should be granted and case should not be converted to straight bankruptcy
12-5-74	Ref. Proc. Memo
12-5-74	Hearing on objection to claim of William Grooh for rent as cost of administration
12-5-74	Ref. Proc. Memo
12-11-74	Statement of receipts and disbursements of agent, Joe Golden
12-20-74	Application of debtor to pay part of ad valorem taxes from disbursing agent's account

12-30-74	Order disallowing Application to pay ad valorem taxes from disbursing agent's account
12-30-74	Application for dismissal or conversion
12-31-74	Notice of Hearing on Indemnification mailed
1-6-75	Statement of Cash Receipts and Disbursements for Dec.
1-15-75	Notice of change of date of indemnity hearing
1-22-75	Indemnity hearing
1-22-75	Ref. Proc. Memo (bond due 2-5-75)
2-3-75	Agent's report for January
2-3-75	Income analysis from Reule Investment Company
2-3-75	Schedule of monthly expenditures, income and excess cash flow
2-6-75	Transcript of hearing on objection to claim of Wm. Grooh

2-10-75	Order and notice of hearing on adjudication or dismissal
2-12-75	Transcript of Dec. 5, 1974 hearing
2-14-75	Hearing on adjudication or dismissal
2-14-75	Ref. Proc. Memo
2-14-75	Adjudication order
2-14-75	Order authorizing appointment of trustee and operation and fixing bond
2-14-75	Report of Bankruptcy Case Change
2-18-75	Trustee's Bond
2-19-75	Order Approving Trustee's Bond
2-19-75	Petition for Authorization to Act as Own Attorney
2-24-75	Trustee's monthly financial report
2-25-75	Order allowing trustee to act as own attorney
2-27-75	Amended financial report for Feb.
3-20-75	Monthly Financial Report submitted by Joe N. Cagle, Trustee

3-25-75	Schedule of Assets
4-1-75	Petition of trustee for authorization of trustee to enter into lease
4-3-75	Accounting of Disbursement Account
4-3-75	Statement of affairs (mortgages)
4-3-75	Statement of Affairs (leases)
4-4-75	Trustee's Inventory
4-4-75	Trustee's Statement of Assumed Contracts
4-7-75	Order for authorization of trustee to lease property
4-10-75	Statement of unpaid debts incurred by debtor in possession after commencement of XI
4-16-75	1st Meeting after conversion from XI
4-16-75	Ref. Proc. Mem
4-16-75	Trustee's Recommendations as to sale of assets
4-16-75	Trustee's Petition for authorization to waive appraisals and exhibits

4-16-75	Trustee's monthly financial report for April
4-16-75	Trustee's petition for authorization to enter into lease
4-16-75	Order allowing trustee to enter into lease
4-30-75	Order to waive appraisals
5-20-75	Monthly Financial Report of trustee for May
5-27-75	Complaint of 1st Citizens Bank and Trust Co. vs Trustee to recover property
6-4-75	Judgment by consent allowing recovery of property by 1st Citizens Bank and Trust
6-11-75	Complaint of Trustee vs Shelby Savings and Loan Association and Joseph C. Whisnant, First National Bank of Catawba County and James M. Gaither, Jr., Fidelity Federal Savings and

	Loan Assoc. and Lee Dennis, W. E. Butner, Robert L. McKaughn, Jr., Jack Sipe Construction Co. and J. Carroll Abernethy, Jr., Employment Security Commission of N. C., Catawba County Tax Collector and City of Hickory Tax Collector to sell Realty free and clear of liens
6-12-75	Order reducing time to answer to 10 days
6-12-75	Summons issued
6-17-75	Certificate of Mailing of Notice of last day to file claims for XI debts
6-19-75	Answer of City of Hickory Tax Collector
6-23-75	Monthly financial report by trustee for June
6-24-75	Answer of Complaint to sell real estate and transfer certain liens to proceeds

	of sale (answer of Joseph Whisnant, Trustee, and Shelby Savings & Loan Association)
6-24-75	Acceptance of service by Joseph Whisnant, Trustee, and Shelby Savings & Loan Association
6-25-75	Answer of Fidelity Federal Savings and Loan Association and Lee Dennis as Trustee
6-25-75	Certificate of Service by William R. Sigmon, attorney for Fidelity Federal Savings & Loan Association and Lee Dennis, Trustee, on Joe N. Cagle
6-25-75	Answer of First National Bank of Catawba County and James M. Gaither, Jr., as Trustee
6-25-75	Certificate of Service of answer on Joe N. Cagle, by William R. Sigmon, attorney for First National Bank of Catawba County and James M. Gaither,

	Jr., Trustee
6-26-75	Summons and Notice of Trial and Affidavit of Service on Employment Security Commission of North Carolina
6-26-75	Acceptance of Service by Robert L. McKaughn, Jr.
6-26-75	Acceptance of Service by William E. Butner
6-26-75	Acceptance of Service by W. George Huffman, Esq. as Attorney for Jack Sipe Construction Co.
6-26-75	Acceptance of Service by Gerald Fleming, Catawba County Tax Collector
6-26-75	Acceptance of Service by Arthur Millers, City of Hickory Tax Collector
6-26-75	Acceptance of Service by J. Carroll Abernethy, Jr.

6-26-75	Acceptance of service by James M. Gaither, Jr.
6-26-75	Acceptance of Service by William R. Sigmon, attorney for Fidelity Federal Savings & Loan Association and Lee Dennis as Trustee
6-26-75	Acceptance of Service by William R. Sigmon as attorney for First National Bank of Catawba County and James M. Gaither, Jr., as Trustee
6-27-75	Answer of James M. Gaither, Trustee and Certificate of Service of Answer on Golden Enterprises
6-30-75	Trial of trustee vs Shelby Savings and Loan and Joseph C. Whisnant, 1st National Bank of Catawba County and James M. Gaither, Jr., et al to sell free and clear
6-30-75	Ref. Proc. Memo

6-30-75	Order allowing trustee to sell free and clear on 7-28-75
7-21-75	Monthly Financial Report for July, 1975
7-22-75	Notice of Sale dated July 10, 1975 and Certificate of mailing dated July 14, 1975
7-22-75	Petition for authorization of trustee to enter into lease
7-25-75	Order for authorization of trustee to lease property
8-1-75	Application for fees for attorneys for creditors' committee
8-4-75	Affidavit of trustee re sale
8-11-75	Order confirming sale in part and allowing trustee to proceed with private sale of unconfirmed tracts
8-15-75	Petition for fees for attorney for creditors' committee - Abernethy
8-18-75	Affidavit as to fees - Gaither

8-18-75	Application for fees by attorney for debtor in possession
8-19-75	Financial report from trustee for August, 1975
8-19-75	Motion of William E. Butner for amendment and alteration of judgment and motion for a new hearing and certificate of service
8-19-75	NOTICE OF APPEAL TO THE DISTRICT COURT and certificate of service by appellant
8-20-75	Motion for stay pending appeal of order confirming sale
8-22-75	Notice of appeal mailed to James Gaither, Jr., Joe Cagle, George Huffman, C. B. Cash, Jr., William R. Sigmon, and J. Carroll Abernethy Jr.
8-25-75	Petition in the cause by trustee regarding confirmation of private

	sales and hearing thereon
8-28-75	Amendment to Motion for amendment and alteration of judgment and motion for a new hearing
8-29-75	Order denying motion for stay pending appeal and advising amount of supersedeas bond if stay allowed on appeal to district court
8-29-75	Order denying motion to alter or amend confirmation order of sale and motion for a new hearing
9-2-75	Certificate of mailing of notice of hearing on confirmation of sales
9-4-75	Transcript of 1st meeting after conversion from Chapter XI 4-16-75
9-3-75	Motion of William E. Butner for stay pending appeal - Judge Jones
9-3-75	Affidavit of William E. Butner
9-3-75	Order staying enforcement of confirmation order pending appeal by

	Judge Jones
9-3-75	Certificate of service of motion and order
9-10-75	DESIGNATION OF RECORD ON APPEAL
9-10-75	Certificate of service of designation
9-12-75	Motion in the Cause by Shelby Savings and Loan Assoc. for recovery of real property
9-16-75	Transcript of 2-14-75 hearing on dismissal or conversion
9-17-75	LETTER OF TRANSMITTAL OF RECORD ON APPEAL TO CLERK'S OFFICE IN ASHEVILLE
9-18-75	Certificate of Mailing of Letter of Transmittal
9-17-75	Notice of Hearing on Appeal
9-18-75	Certificate of Mailing re Notice of Hearing on Appeal
9-22-75	Trustee's petition to deposit funds in savings account for 30 days

9-30-75	Monthly financial report for September
9-30-75	Brief of Trustee
10-2-75	Order Allowing Deposit of Funds in Savings Account
11-3-75	Monthly Financial Report, October, 1975
11-7-75	ORDER OF JUDGE JONES re appeal by Wm. Butner of 8-11-75 order confirming sale, ordering resale by trustee for 11-12-75 and, if the proceeds are not sufficient to cover the principal of the Second Deed of Trust, the Trustee shall forthwith abandon the realty, and the proceeding is remanded for further proceedings in accordance with the order of Judge Jones
11-21-75	Copy of Trustee Deed from Joe N. Cagle to William E. Butner & wife
11-21-75	Assignment from Jack Sipe Construction Co. to Butner & wife

11-21-75	Assignment from Robert L. McKaughn, Jr. to Butner & wife
12-1-75	Motion for Distribution of Funds filed by J. Richardson Rudisill, Jr.
12-2-75	Monthly Financial Report filed by Trustee
12-11-75	Petition for Authorization of Trustee to Store Bankrupt's Records
12-31-75	Notice of Hearing on William E. Butner's Motion for Distribution of Funds
12-31-75	Cert. of Mailing - Notice of Hearing on Butner's Motion
12-31-75	Order for Authorization of Trustee to Store Bankrupt's Records
1-16-76	Complaint of Bekins Moving & Storage Co. vs. Trustee to recover property
1-16-76	Answer of Trustee re: Bekins Moving & Storage Co. vs. Trustee
1-20-76	Affidavit under Rule 219 filed by Trustee

1-20-76	Trustee's Petition for Attorney's Fees
1-30-76	Consent Judgment re: Bekins Moving & Storage Co. vs. Trustee
2-18-76	Objection to Allowance of Claims filed by Trustee
2-20-76	Supplemental Petition for Attorney's Fees
2-20-76	Petition for Private Sale of File Cabinets
2-23-76	Trustee's Final Report
3-9-76	Order for Private Sale of File Cabinets without notice to creditors
4-2-76	Trustee Amended Final Report
5-12-76	Notice of Final Meeting
5-17-76	Certificate of Mailing - Notice of Final Meeting
5-25-76	Answer to Objection to Allowance of Claims by First Citizens Bank and Trust Co.

5-25-76	Additional Objection to Allowance of claim of Charles B. Camp to be heard on Final Meeting on June 4 at 9:30 am
6-4-76	Final Meeting of Creditors, Hearing on Trustee's Objections to Claims, and Hearing on Trustee's Final Report
6-4-76	Proceeding Memo
6-4-76	Brief In Support of Application for Fees by the Attorney for the Debtor
6-14-76	Trustee's Receipts and Disbursements Since Date of Final Report
7-1-76	Order as Follows: (1) Disbursements for Cost of Administration is Approved (2) Trustee's Commission is Allowed (3) Fees for the Attorney for the Trustee are Allowed (4) Fees for the Atty. for the Bankrupt are Allowed (5) Expenses for the Attorney for the Bankrupt are Allowed (6) Fees for the Attorney for the Creditors Committee

be Allowed (7) Additional Attorney's for the Creditors Committee have their Fees and Expenses Allowed (8) Accountants Fee be Allowed (9) Jack Sipe Construction Co. be Paid (10) Wages and Commissions of Charles B. Camp be Allowed (11) Claims of First Citizens Bank & Trust be Allowed (12) Claim #436 by Marine Midland Leasing Corp. is Disallowed and Claim #477 by same Co. is Allowed (13) Claim #144 by Jack Sipe Construction Co. is Disallowed (14) Claim #471 by The First National Bank of Catawba County is Disallowed (15) Claim #469 by Fidelity Federal Savings and Loan Assoc. is Disallowed (16) Claim #464 of Shelby Savings and Loan Assoc. is Disallowed (17)

Balance of Claim by William E. Butner is Disallowed as Secured and Allowed as Unsecured (18) Allowing Trustee to Abandon Accounts Receivable (19) Motion for Distribution of Funds presented by William E. Butner is Denied (20) Confirmation of Final Report of Trustee

7-9-76	Notice of Appeal to District Court
7-9-76	Designation of Record on Appeal
7-9-76	Certificate of Service by Mail - Notice of Appeal and Designation of Record on Appeal
7-19-76	Transcript of Final Meeting of Creditors Held 6/4/76
7-21-76	Letter of Transmittal of Appeal - Final Meeting of Creditors
7-21-76	Certificate of Mailing - Letter of Transmittal

2-18-75	Filing Report of Bankruptcy Case
	Change from Chapter XI to Straight
	Bankruptcy as of 2-14-75
9-3-75	Filing Motion for Stay Pending Appeal
	Affidavit of William E. Butner
	Order Staying Enforcement of Con-
	firmation Order Pending Appeal
	BANKRUPTCY ORDERS V-I, P-37
	Certificate of Service
	Attorney Rudisill's letter of September
	2, 1975, to Judge Jones
	(Above papers sent to Bankruptcy
	Judge)
9-9-75	Appeal bond of $500.00 deposited in
	Registry Account of this Court R 63626
11-7-75	Filing Order re Appeal of William E.
	Butner from the Confirmation Order
	of the U. S. Bankruptcy Judge en-
	tered on August 11, 1975. Bankruptcy
	Orders V-1, P-38

11-12-76	Filing Affidavit of Joe N. Cagle,
	Trustee and J. Carroll Abernethy,
	Jr., Attorney for Creditors Committee,
	and Supplemental Report of the Court.
	Copy sent directly to Judge Jones by
	Attorney Cagle
11-15-76	Filing Affidavit of William E. Burton,
	Vice-President of Jack Sipe Construc-
	tion Company
11-15-76	Filing Order by Judge Jones affirm-
	ing Bankruptcy Judge's order dated
	July 1, 1976, authorizing and ap-
	proving the payment of the claim of
	Jack Sipe Construction Co. in the
	amount of $26,451.77, and authorizing
	the trustee to make payment to Jack
	Sipe Construction Co. in the amount
	of $26,451.77 as payment in full and
	discharge of the claim of Jack Sipe

Construction Company. Bankruptcy Orders V-I, P-39

11-16-76 Filing MEMORANDUM AND ORDER ordering that the Bankruptcy Judge's finding of the appellant's unsecured status as to the rents derived from the encumbered property at issue during the bankruptcy be, and the same is reversed and vacated, and the case is remanded for a determination of what costs and fees are properly chargeable against these rents. Copies to Bankruptcy Judge and attorneys of record. Bankruptcy Orders V-I, P-40. Copy also to Mr. L. Bruce Locke, U. S. Dept. of Justice

11-17-76 Filing C/S as to Order filed 11-15-76. All parties served by Attorney George Huffman

12-15-76 Filing Notice of Appeal by the Trustee in Bankruptcy for Golden Enterprises, Inc., the attorneys for the Creditors' Committee, the attorney for the bankrupt, the bankrupt, William J. Lawing, C.P.A., and Charles B. Camp, from the order of Woodrow W. Jones dated Nov. 12, 1976, and filed in the Office of the Clerk on November 16, 1976. Copies to Clerk, U. S. Court of Appeals for the 4th. Circuit, L. Bruce Locke, William E. Butner, Jack Sipe Construction Co.

12-15-76 Filing Personal Bond on Appeal secured by Cash Deposit. $250.00 deposited in Registry Fund of this Court R73120.

Re:

Bankruptcy No. ST-B-73-6

Golden Enterprises, Inc.

INDEX TO APPEAL RECORD

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The bankruptcy files are filed as Exhibit 1 and Volume II

RECORD ON APPEAL

VOLUME II

Re:

Bankruptcy No. ST-B-73-6

GOLDEN ENTERPRISES, INC.

The following bankruptcy files are designated as Exhibit 1. These files are the record designated for the appeal to the U. S. District Court:

Bankruptcy Docket and Claims Register

File No. 1

File No. 2

File No. 3

File No. 4

File No. 5

File No. 6

File No. 7 - XI

File No. 7 - 4

File No. 8

File No. 8 - 4

File No. 9

Adversary Proceeding File A1

Adversary Proceeding 2

Exhibits Received 5-22-73 - Show Cause - William Grooh

Claim File 5

Claim File 6

Claim File 11

Claim File 12

File With U. S. claims nos. 264 and 422

United States of America

Western District of North Carolina

I, J. Toliver Davis, Clerk of the United States District Court for the Western District of North Carolina, do hereby certify that the above files are the files received from the Bankruptcy Office as the record designated for appeal to the District Court in ST-B-73-6 - Golden Enterprises, Inc.

They are being sent to you in two boxes, and under separate cover.

IN TESTIMONY WHEREOF, I have hereunto subscribed my name and affixed the seal of the aforesaid Court at Statesville this _____ day of February, 1977.

J. TOLIVER DAVIS, CLERK

By

Martha E. Rives, Deputy Clerk

IN THE DISTRICT COURT OF THE UNITED STATES

FOR THE WESTERN DISTRICT OF NORTH CAROLINA

STATESVILLE DIVISION

ST-B-73-6

IN THE MATTER OF:

GOLDEN ENTERPRISES, INC., Debtor

IN PROCEEDINGS FOR AN ARRANGEMENT

PETITION

TAX IDENTIFICATION NO. 56-0929458

TO THE HONORABLE JOSEPH R. CRUCIANI, REFEREE IN BANKRUPTCY:

The petition of Golden Enterprises, Inc., 1234 South Center Street, Hickory, Catawba County, North Carolina, and engaged in the real estate and retail business, respectfully represents:

1. Your petitioner is a business corporation organized and existing under the laws of the State of North Carolina and is a corporation which could become a bankrupt under the Bankruptcy Act, and is not a

municipal, railroad, insurance or banking corporation, or building and loan association.

2. Your petitioner has had its principal place of business at 1234 South Center Street within the above Judicial District for a longer portion of the six months immediately preceding the filing of this petition than in any other Judicial District.

3. Your petitioner has conducted business in the following areas: Golden Enterprises, Inc. Real Estate Division, Golden Enterprises, Inc. Premium Division, and Golden Enterprises, Inc. Retail Division.

4. Your petitioner is the owner of the real estate listed on Exhibit A attached hereto.

5. Your petitioner leases retail outlets and other property as described on Exhibit B attached hereto.

6. No bankruptcy proceeding, initiated by a petition by or against your petitioner, is now pending.

7. Your petitioner is unable to pay its debts as they mature.

8. Your petitioner intends to propose an arrangement pursuant to the provisions of Chapter XI of the Bankruptcy Act.

9. Attached hereto is a list of your petitioner's creditors and their addresses, and a summary of your petitioner's assets and liabilities, with a statement of the location of said assets.

10. Simultaneously with the submission hereof, your petitioner is submitting for filing an application for further time to file statement of executory contracts, schedules and statement of affairs.

WHEREFORE, your petitioner prays that proceedings may be had upon this petition in accordance with the provisions of Chapter XI of the Bankruptcy Act.

GOLDEN ENTERPRISES, INC.

By: (s) Thomas S. Dlugos

Vice President, Debtor

(s) James M. Gaither, Jr., Attorney

for Petitioner

Butner and Gaither

Post Office Box 2323

Hickory, North Carolina 28601

(Verification omitted in printing)

(Jurat omitted in printing)

EXHIBIT A

PROPERTY LEASED BY GOLDEN ENTERPRISES, INC.

Address	Landlord	Expiration Date of Lease
819 South Lafayette Shelby North Carolina 28150	Willie George Costner	May 1, 1974
7035 Laurel Canyon Blvd North Hollywood California 90046	Continental Laurel	August 31, 1973
9100 Wilshire Boulevard Suites 113 and 114 Beverly Hills California 90212	Buckeye Realty and Management Corporation	December 21, 1977
14724 Ventura Boulevard Suite 103 Certified Life Building Sherman Oaks California 91403	Buffeteria, Ltd.	August 31, 1975
1047 Broad Street Gainesville Georgia 30501	William Grooh	February 1, 1974
115 Fourth Street, N. W. Hickory North Carolina 28601	Colonial Stores	July 31, 1973

November 15, 1973

Aljas Realty Corporation

1234 South Center Street

Hickory

North Carolina 28601

EXHIBIT B

PROPERTY OWNED BY GOLDEN ENTERPRISES, INC.

1. Warehouse building leased to Metelpel Products, Inc., located on "F" Avenue, S. E., in Hickory, North Carolina. The building is located on a portion of the land owned by Golden Enterprises, Inc. and described in Book 927 at Page 208 in the office of the Register of Deeds of Catawba County.

2. Warehouse building leased to Continental System Supply, a division of Superior Continental Corporation, located on State Road No. 1653 in Hickory, North Carolina.

3. Warehouse building leased to National Velvet Plusch, Inc., located at 1120 Tate Boulevard in Hickory, North Carolina. The building is located on a portion of the land owned by Golden Enterprises, Inc. and described in Book 990 at Page 629 in the office of the Register of Deeds of Catawba County.

4. One shopping center located on Fourth Street Drive,

S. W., in Hickory, North Carolina.

5. One building lot located on Ninth Street, N. W. For a description of said lot, see Book 940 at Page 365 in the Catawba County Registry.

6. Two building lots located on Fifth Street Circle, N. W., in Hickory, North Carolina. For a description of said lots, see Book 988 at Page 595 and Book 990 at Page 39 in the Catawba County Registry.

(Certificate of Registration omitted in printing)

IN THE DISTRICT COURT OF THE UNITED STATES

FOR THE WESTERN DISTRICT OF NORTH CAROLINA

STATESVILLE DIVISION

(Caption omitted in printing)

ARRANGEMENT

Golden Enterprises, Inc., the above-named debtor, proposes the following arrangement with its unsecured creditors:

ARTICLE I

PROVISIONS MODIFYING OR ALTERING THE

RIGHTS OF UNSECURED CREDITORS

A. The unsecured debts of the debtor are divided into the following classes:

1. All debts which have priority under Section 64a(2), (4), (5) of the Bankruptcy Act.

2. All other debts, including claims arising from the rejection of executory contracts.

B. The unsecured debts of the debtor are treated as follows:

1. All debts included in Class 1 are to be paid in cash in full no later than January 15, 1974, or are to be paid in accordance with such agreement as may be made between any holder of such a debt and the debtor.

2. All debts included in Class 2 shall be settled and satisfied by the payment to the holders thereof of one hundred (100%) per cent of the unsecured indebtedness of debtor by the issuance of non-negotiable certificates of indebtedness to the unsecured creditors, said non-negotiable certificates of indebtedness being payable as follows:

Two and one-half (2-1/2%) per cent being due and payable on or before January 15, 1974, and ninety-seven and one-half (97-1/2%) per cent being due and payable on or before ten (10) years from the date of issuance (upon confirmation of the plan) and bearing no interest for the first five (5) years and bearing interest after five (5) years at the rate of ten (10%) per cent per annum.

Said non-negotiable certificates of indebtedness are to be secured by a mortgage on debtor's real estate for the aggregate amount of the non-negotiable certificates of indebtedness; said non-negotiable certificates of indebtedness, payable to the order of each creditor in Class 2 entitled to participate under Section 367 (3) of said Act, will be deposited for distribution, with such person or persons as the court may designate, within ten (10) days after confirmation of the arrangement; said non-negotiable certificates of indebtedness, payable to the order of each creditor in Class 2 entitled to participate under Section 370 of said Act, will be so deposited within ten (10) days after the allowance of any such debt; and the rights of creditors in Class 2 shall be modified and altered accordingly.

ARTICLE II

PROVISIONS FOR THE COMPLETION OF

DEBTOR'S REAL ESTATE

Subject to confirmation, debtor has obtained financing

needed to complete a major real estate project, thereby creating equity for the mortgage of the unsecured creditors. (See "Note A" for further explanation.) Therefore, upon confirmation debtor shall cause a mortgage in favor of First-Citizens Bank and Trust Company, Hickory, North Carolina, to be placed on the real estate of debtor prior to the mortgage of unsecured creditors. This note and deed of trust shall be for not more than the sum of Four Hundred Sixty Thousand ($460,000.00) Dollars and amortizable over a period of fifteen (15) years upon such terms and conditions to be agreed upon between First-Citizens Bank and Trust Company and the Creditors' Committee of Golden Enterprises, Inc. Such agreement shall contain provisions regulating the rights of the bank with respect to excess cash flow of debtor's Real Estate Division as a means of amortizing the loan. (See attached "Note B" for information regarding projected equity buildup in debtor's real estate.) The mortgage of First-Citizens Bank and

Trust Company shall be superior to the mortgage for the unsecured creditors.

ARTICLE III

PROVISIONS REGARDING OPERATION OF

DEBTOR'S RETAIL OPERATIONS

Until all of the non-negotiable certificates of indebtedness provided for in Article I hereof have been paid in full, the statutory committee of creditors shall have the following supervision and control of the debtor's business:

1. The debtor shall employ an accountant designated by said committee, who shall countersign all checks issued by the debtor, and who shall prepare quarterly operating statements, three (3) copies of which shall be furnished to said committee.

2. The debtor shall not contract any obligation over One Thousand ($1,000.00) Dollars without the prior approval in writing of the chairman of said committee.

3. The debtor shall not fix the salary of any of its

employees without the prior approval in writing of the chairman of said committee.

4. Debtor shall continue to operate at the retail level under existing orders and agreements with secured creditors so as to repay all secured creditors, including the taxing authorities, who have or might claim liens on debtor's inventory no later than January 15, 1974.

5. Debtor shall join in the execution of all documents relating to agreements between the Creditors' Committee and Commercial Credit Business Loans, Inc. regarding the operation of debtor's business until the lien and debt of Commercial Credit Business Loans, Inc. is satisfied.

6. During the term of this arrangement, debtor agrees to operate its Retail Division only so long as it has the express recommendation of the Creditors' Committee to so operate. In the event the Creditors' Committee recommends termination of the debtor's retail

operations following confirmation, debtor agrees to terminate all retail operations within thirty (30) days of receipt of written notice to do so. In the further event that debtor's retail operations are curtailed or are suspended pursuant to recommendations of the Creditors' Committee, debtor agrees to further abide by the regulations of the Creditors' Committee with respect to debtor's operation of its Real Estate Division.

ARTICLE IV

PROVISIONS FOR PAYMENT OF DEBTS INCURRED DURING PENDENCY OF ARRANGEMENT

All debts incurred after the filing of the petition and prior to the confirmation of the arrangement shall be paid in cash in full upon confirmation, except that the time of payment of all or any part of such debts may be extended by agreement with the creditors to whom such debts are due, and such extended debts shall, when due, have priority in payment over the debts affected by this arrangement.

ARTICLE V

PROVISIONS FOR RETENTION OF JURISDICTION

BY THE COURT

The court shall retain jurisdiction until the deposit and distribution of the notes provided for in Article I hereof and the completion of the placement of the second and third mortgage hereinabove referred to on the public records.

ARTICLE V

GENERAL PROVISIONS

The costs and expenses of the proceedings, including allowable expenses of the committee of creditors and administration expenses, are to be paid in cash in full upon confirmation, or are to be paid in accordance with such agreement as may be made between the debtor and any person entitled to be paid such costs and expenses.

Debtor agrees to accept recommendations of the Creditors' Committee for accelerated payments on the

aforesaid non-negotiable certificates of indebtedness in the event the Creditors' Committee determines that the business is in a position to make such payments from time to time during the term of the plan.

GOLDEN ENTERPRISES, INC.

By: (s) Thomas D. Golden

President of said Corporation

Debtor

NOTE A

REAL ESTATE PLAN

Golden Enterprises, Inc. owns real estate with an MAI appraised value in its completed condition of $2.2 million. First mortgages against the property total approximately $1.2 million. At the present time, there is a second mortgage on all property due February, 1974, in the amount of $250,000.00. First-Citizens Bank and Trust Company has a third mortgage in the original amount of $200,000.00.

One of the essential parts of the plan of reorganization is the completion of real estate owned by Golden Enterprises, Inc. and the placement of a third mortgage in favor of all creditors against all real estate in its completed condition. This will be accomplished by the following steps: Golden Enterprises, Inc. owns property which is located on Tate Boulevard in Hickory, North Carolina. There is presently a completed building containing approximately 90,000 square feet and

a building containing approximately 45,000 square feet which is 60% completed. Shelby Savings and Loan Association, a lending institution, has committed $755,000.00 for this project. The sum of $300,000.00 has been used to pay off the 90,000 square foot building. Shelby Savings and Loan Association is holding $455,000.00 which has been committed as follows:

(1) $70,000.00 to pay off a purchase money note and deed of trust on a portion of the property which is due January, 1974.

(2) $250,000.00 to pay off a construction loan at First-Citizens Bank and Trust Company when the second building is completed.

(3) $135,000.00 remaining is to be applied toward the bills of the contractor and the subcontractors.

Because of the increased building costs, as well as work done by the contractors and subcontractors at the Golden Enterprises, Inc.'s shopping center on Fourth Street, S. W., this $135,000.00 is insufficient to pay the

general contractor and all of the subcontractors. The total amount needed to complete the real estate is $245,000.00, leaving the company $110,000.00 short.

Arrangements have been made at First-Citizens Bank and Trust Company, Hickory, North Carolina, to borrow the $110,000.00. This is to be accomplished as follows: First-Citizens Bank and Trust Company will assume the present $250,000.00 second mortgage. It will give to the company a sum not to exceed $110,000.00 to complete the real estate. It will cancel its third mortgage and place the $100,000.00 owed to First-Citizens Bank and Trust Company in with the mortgage so as to have one second mortgage in the original amount of $460,000.00 placed against all of the real estate of Golden Enterprises, Inc.

The excess cash flow generated by rents on Golden Enterprises, Inc.'s real estate will be used to repay approximately $300,000.00 of the $460,000.00 mortgage. Since the excess cash flow (approximately an amount

of $40,000.00 per year) is insufficient to amortize the current second mortgage, it will be necessary for Golden Enterprises, Inc. to repay the $110,000.00 out of sales to the bank, leaving the bank with a second mortgage of $350,000.00. Although this amount still cannot be amortized, First-Citizens Bank and Trust Company has indicated its willingness to be repaid along with general creditors when the first mortgages are in a position to be refinanced so as to pay everyone, including unsecured creditors.

NOTE "B"

GOLDEN ENTERPRISES, INC.

Cash Projection Commercial Real Estate

Ten Years

	First Year	Second Year	Third Year
CASH PROVIDED BY:			
Gross Rents			
Under present leases	$225,742.30	$225,742.30	$225,742.30
Renewed leases - increases	-	-	-
Total cash provided	$225,742.30	$225,742.30	$225,742.30
CASH APPLIED AGAINST DEBT PAYMENT			
First Mortgages			
First National Bank	$ 11,560.80	$ 11,560.80	$ 11,560.80
Shelby Savings & Loan Assoc.	31,645.08	31,645.08	31,645.08
Shelby Savings & Loan Assoc.	97,359.24	97,359.24	97,359.24
Fidelity Federal Savings & Loan Assoc.	30,402.24	30,402.24	30,402.24
Second Mortgages			
First-Citizens Bank & Trust Co.	44,000.00	44,000.00	44,000.00
Total cash applied against debt	$214,967.36	$214,967.36	$214,967.36
EXCESS CASH FLOW AVAILABLE FOR OPERATING EXPENSES AND INCOME TAXES	$ 10,774.94	$ 10,774.94	$ 10,774.94
ESTIMATED OPERATING EXPENSES AND INCOME TAXES:			
Insurance	$ 1,300.00	$ 1,800.00	$ 1,800.00
Repairs	3,800.00	4,000.00	4,050.00

Property Taxes	4,800.00	6,000.00	6,000.00
Income Taxes	-	-	-
Total estimated operating expenses and taxes	$ 9,900.00	$ 11,800.00	$ 11,800.00
EXCESS CASH FLOW	$ 874.94	$(1,025.06)	$(1,025.06)

84a

CASH PROVIDED BY:

	Fourth Year	Fifth Year	Sixth Year
Gross Rents			
Under present leases	$225,742.30	$225,742.30	$225,742.30
Renewed leases - increases	2,834.00	4,644.50	4,644.50
Total cash provided	$228,576.30	$230,386.80	$230,386.80
CASH APPLIED AGAINST DEBT PAYMENT			
First Mortgages			
First National Bank	$ 11,560.80	$ 11,560.80	$ 10,597.40
Shelby Savings & Loan Assoc.	31,645.08	31,645.08	31,645.08
Shelby Savings & Loan Assoc.	97,359.24	97,359.24	97,359.24
Fidelity Federal Savings & Loan Assoc.	30,402.24	30,402.24	30,402.24
Second Mortgages			

85a

First-Citizens Bank & Trust Co.	44,000.00	44,000.00	44,000.00
Total cash applied against debt	$214,967.36	$214,967.36	$214,003.96
EXCESS CASH FLOW AVAILABLE FOR OPERATING EXPENSES AND INCOME TAXES	$ 13,608.94	$ 15,419.44	$ 16,382.84
ESTIMATED OPERATING EXPENSES AND INCOME TAXES:			
Insurance	$ 2,000.00	$ 2,200.00	$ 2,200.00
Repairs	4,200.00	4,400.00	4,400.00
Property Taxes	6,300.00	6,600.00	6,600.00
Income Taxes	-	-	-
Total estimated operating expenses and taxes	$ 12,500.00	$ 13,200.00	$ 13,200.00

EXCESS CASH FLOW	$ 1,108.94	$ 2,219.44	$ 3,182.84

	Seventh Year	Eighth Year	Ninth Year
CASH PROVIDED BY:			
Gross Rents			
Under present leases	$225,742.30	$225,742.30	$225,742.30
Renewed leases - increases	4,644.50	4,644.50	4,644.50
Total cash provided	$ 230,386.80	$230,386.80	$230,386.80
CASH APPLIED AGAINST DEBT PAYMENT			
First Mortgages			
First National Bank	$ -	$ -	$ -
Shelby Savings & Loan Assoc.	31,645.08	31,645.08	31,645.08
Shelby Savings & Loan Assoc.	97,359.24	97,359.24	97,359.24
Fidelity Federal Savings & Loan Assoc.	30,402.24	30,402.24	30,402.24
Second Mortgages			
First-Citizens Bank & Trust Co.	44,000.00	44,000.00	44,000.00
Total cash applied against debt	$203,406.56	$203,406.56	$203,406.56
EXCESS CASH FLOW AVAILABLE FOR OPERATING EXPENSES AND INCOME TAXES	$ 26,980.24	$ 26,980.24	$ 26,980.24
ESTIMATED OPERATING EXPENSES AND INCOME TAXES:			
Insurance	$ 2,400.00	$ 2,400.00	$ 2,600.00
Repairs	4,600.00	4,600.00	4,800.00
Property Taxes	6,800.00	6,800.00	7,000.00
Income Taxes	*	*	*
Total estimated operating expenses and taxes	$13,800.00	$ 13,800.00	$ 14,400.00

EXCESS CASH FLOW	$ 13,180.24	$ 13,180.24	$ 12,580.24

CASH PROVIDED BY:

	Tenth Year
Gross Rents	
Under present leases	$225,742.30
Renewed leases - increases	4,644.50
Total cash provided	$230,386.80
CASH APPLIED AGAINST DEBT PAYMENT	
First Mortgages	
First National Bank	-
Shelby Savings & Loan Assoc.	$ 31,645.08
Shelby Savings & Loan Assoc.	97,359.24
Fidelity Federal Savings & Loan Assoc.	30,402.24
Second Mortgages	

First-Citizens Bank & Trust Co.	
Total cash applied against debt	44,000.00
EXCESS CASH FLOW AVAILABLE FOR OPERATING EXPENSES AND INCOME TAXES	$203,406.56
	$ 26,980.24
ESTIMATED OPERATING EXPENSES AND INCOME TAXES:	
Insurance	
Repairs	$ 2,600.00
Property Taxes	4,800.00
Income Taxes	7,000.00
Total estimated operating expenses and taxes	* $ 14,400.00

EXCESS CASH FLOW	$ 12,580.24

* Existing operating loss carry-overs will expire during the seventh year, and estimated income tax liabilities beyond the seventh year are unknown.

GOLDEN ENTERPRISES, INC.

Schedule of Equity In Rental Property By Years

	Fair Market Value	Mortgage Balance	Equity
First year	$ 2,271,000.00	$ 1,710,250.00	$ 560,750.00
Second year	2,385,000.00	1,652,182.00	732,818.00
Third Year	2,504,250.00	1,589,518.00	914,732.00
Fourth Year	2,629,463.00	1,520,888.00	1,108,575.00
Fifth Year	2,760,936.00	1,445,541.00	1,315,395.00
Sixth Year	2,898,982.00	1,362,891.00	1,536,091.00
Seventh Year	3,043,932.00	1,272,222.00	1,771,710.00
Eighth Year	3,196,128.00	1,173,722.00	2,022,406.00
Ninth Year	3,355,935.00	1,076,656.00	2,279,279.00
Tenth Year	3,523,732.00	924,759.00	2,598,973.00

PROOF OF CLAIM FOR INTERNAL REVENUE TAXES

BANKRUPTCY ACT PROCEEDINGS

IN THE DISTRICT COURT

FOR THE WESTERN DISTRICT OF N. C.

(Caption omitted in printing)

CLAIM OF THE UNITED STATES

FOR INTERNAL REVENUE TAXES

TAXPAYER's IDENTIFYING NUMBER:

Social Security No. _____

Employer Identification No. 56-0929458

The undersigned officer of the Internal Revenue Service, a duly authorized agent of the United States in this behalf, declares that:

1. The debtor is justly and truly indebted to the United States in the sum of $48,836.86.

2. The said debt is for taxes due under the internal revenue laws of the United States as follows:

A. LIEN CLAIMS (Notice of Federal Tax Lien filed prior to Bankruptcy Petition date)

KIND OF TAX	PERIOD	AMOUNT DUE	REMARKS	DATE NOTICE OF TAX LIEN FILED

B. PRIORITY CLAIMS

KIND OF TAX	PERIOD	AMOUNT DUE	REMARKS	DATE TAX ASSESSED
WT-FICA	3/31/73	$ 39,390.90		
Interest to 5/4/73		26.26		5/21/73
WT-FICA	4/1/73 thru 5/4/73	1,332.48		6/25/73
FUTA	12/31/72	2,601.10		
Interest to 5/4/73		40.32		6/4/73
FUTA	1/1/73 thru 5/4/73	5,445.80		6/25/73

Total amount of this claim $48,836.86

C. UNSECURED CLAIMS

KIND OF TAX	PERIOD	AMOUNT DUE	REMARKS	DATE TAX ASSESSED

3. No part of said debt has been paid and it is now due and payable at the Office of the District Director of Internal Revenue;

4. There are no set-offs or counterclaims to said debt;

5. Except for the tax liens protected by notices of lien filed on the date above, the United States does not hold, to my knowledge or belief, any security or securities for said debt;

6. No note or other negotiable instrument has been received for said debt or any part thereof, nor has any judgment been rendered with respect to said debt; and

7. Said debt is to be paid to the extent provided by law. See sections 17, 64, 77e, 199, 337(2), 455, and 659 of the Bankruptcy Act (11 U.S.C. 35, 104, 205(c), 599, 737(2), 855 and 1059).

/a/ Albert Bunton

July 12, 1973

Chief, Special Procedures Staff

Address

Special Procedures Staff

Internal Revenue Service

P. O. Box 20541

Greensboro, North Carolina 27420

IN THE DISTRICT COURT OF THE UNITED STATES

FOR THE WESTERN DISTRICT OF NORTH CAROLINA

STATESVILLE DIVISION

IN THE MATTER OF:) IN PROCEEDINGS FOR

GOLDEN ENTERPRISES,INC.) AN ARRANGEMENT NO.

DEBTOR) ST-B-73-6

PETITION FOR ALLOWANCES BY

CO-COUNSEL TO CREDITORS' COMMITTEE

TO THE HONORABLE JOSEPH R. CRUCIANI,

REFEREE IN BANKRUPTCY:

The Petition of JOSEPH H. FRIER, JR., ARTHUR I. WINARD and J. CARROLL ABERNETHY, JR. who are acting as Co-Counsel to the Creditors' Committee herein, respectfully show and allege:

1. That each of your petitioners in his own right enjoy a national reputation as experts in the field of insolvency, and both Arthur I. Winard and Joseph H. Frier, Jr., have served as guest lecturers, appearing before various trade and bar groups with respect to

various phases of the insolvency law and are considered experts in the above field. Mr. Joseph H. Frier, Jr., is presently the Vice-President of the Bankruptcy Lawyers Bar Association.

2. That the petitioners were retained as counsel for a Creditors' Committee, which had been chosen at a meeting of the larger creditors at the offices of Arthur I. Winard, 475 Fifth Avenue, New York City, N. Y. This meeting was called at the request of many of the larger creditors, and by the principal officer of the debtor for the purpose of informing the creditors of the financial situation of the debtor and the various problems that were arising on an almost daily basis.

3. That the services for which compensation is requested represent legal services performed for and on behalf of the Creditors' Committee herein and not on behalf of the debtor or any other person.

4. That this case commenced by the filing of a petition for Arrangement pursuant to Section 322 of the Bankruptcy Act.

Debtor was engaged in the business of operating jewelry stores and for several years it had been purchasing merchandise from the suppliers who are now involved in this matter as creditors of the debtor.

5. At the time of the filing of the petition, the debtor also submitted an Application for leave to continue to operate the business as Debtor-in-Possession and was granted authority to do so by order of this Court.

6. At the request of the debtor and the insistence of many of the major creditors, an informal meeting of creditors was called by Messrs. Goldman, Frier & Altesman the firm of attorneys which represents The Jewelers Board of Trade, a nationwide organization which had many of its members involved in this Chapter XI proceeding, and Arthur I. Winard who represented other major creditors of the debtor.

At this meeting, a great majority of creditors representing claims owed, attended and listened to the report of Mr. Thomas Golden, the principal officer of

the debtor. The creditors present analyzed the figures that were submitted by the debtor and concluded that a complete financial analysis should be made by a creditors' committee that would be designated by creditors in order that all creditors could later obtain an accurate analysis of the debtor's financial situation.

The creditors at this meeting, organized a Creditors' Committee which Committee later retained Messrs. Goldman, Frier & Altesman and Arthur I. Winard as attorneys for the Creditors' Committee. Mr. Joseph H. Frier, Jr. then informed the creditors that it would be advisable to have local counsel serve wth him and obtained the authority of the Creditors' Committee and other creditors in attendance to retain J. Carroll Abernethy, Jr. as Special Counsel. Mr. George Solow of J. Solow & Sons, one of the major creditors was designated as the Chairman of such Creditors' Committee.

7. The Creditors' Committee's sole purpose in representing creditors was to realize the most for creditors

and yet attempt to continue the Debtor-in-Possession in business, giving it an opportunity to fulfill a Plan of Arrangement that could later be proposed to creditors.

8. Upon motion made at this creditors' meeting and seconded, the Committee passed a resolution to solicit claims for the purpose of voting for a tentative Trustee to act in the event of an adjudication in bankruptcy and to elect the unofficial Creditors' Committee that was appointed as the official Creditors' Committee at the first meeting before this Court.

9. Mr. Joseph H. Frier, Jr. and Arthur I. Winard, acting as counsel for the Creditors' Committee, advised the Committee of the services that had to be rendered under a Chapter XI proceeding, the duties and rights of the members of the aforesaid Committee and also emphasized to the aforesaid Committee that their duty was to represent not only their own firm but they had to, at all times throughout the proceedings, represent the interest of all unsecured creditors.

10. Your petitioners informed the Committee of the status of the proceeding and answered questions from the Committee members as to what could be expected in the Arrangement proceedings, the prognosis of the debtor's future, and how the Creditors' Committee could keep its proverbial finger on the debtor's pulse.

11. The petition authorizing the debtor to continue to operate was discussed and it was agreed by the Committee that the debtor should be continued without the necessity of putting up a bond of indemnification, at least until the accountant's report was made available and a Plan of Arrangement could be presented by the debtor.

12. Your petitioners, pursuant to instructions from the Committee, assisted in the preparation of a detailed, factual letter setting forth the history of the case to that point, reciting the financial figures referred to, and prepared a form of Proof of Debt and Power of Attorney running to the members of the Committee and its counsel.

It had been explained that the Proof of Debt would be used only for the purpose of voting for a tentative Trustee as aforesaid and for the Official Creditors' Committee.

13. The firms of Goldman, Frier & Altesman and J. Carroll Abernethy, Jr. attended the first meeting of creditors held before this Court and thereupon proceeded to elect the Creditors' Committtee as an Official Committee and filed various proofs of claim that were forwarded to the Creditors' Committee by other creditors throughout the United States.

After the scheduled hearing, a meeting was held with the debtor's attorney for the purpose of discussing the entire asset structure of the debtor, including vast holdings of real estate and laying the groundwork for a Plan of Arrangement that was ultimately worked out between all the attorneys involved herein.

14. Being that there was such a short time between the meeting of the Creditors' Committee and the date set

for the first meeting of creditors before the Bankruptcy Court, it was necessary for the firm of Goldman, Frier & Altesman to personally contact the larger creditors throughout the New York area to obtain the claims from them that they wanted to file in this proceeding for the purpose of supporting the Creditors' Committee in its efforts to obtain a better Plan from the debtor. This consumed many hours of time, which often involved legal explanations to the creditors signing the Proofs of Claim as to what their rights were and what the proceeding was all about. As a result of the efforts made, the claims were made available in time for the first meeting, at which time the Creditors' Committee was appointed.

15. After the first meeting, an Order was prepared by your petitioners and submitted to this Court, designating the Official Creditors' Committee.

16. When being notified that an accountant's report had been completed, your petitioners called another

meeting of the Creditors' Committee in New York City, at which time the final report was reviewed in detail of the operations of the debtor prior to the filing of its Petition for Arrangement, were carefully examined including the personal drawings of the principal officer. It took several hours for the Committee to digest the report and a great deal of discussions were held in relation thereto, and many thoughts were exchanged by the members of the Creditors' Committee and your petitioners in relation to the aforesaid report.

17. After a careful analysis of the situation the Committee decided that it would be in the best interests of all creditors to have the debtor present an outline of a proposed Plan of Arrangement whereby creditors would receive payment in full over an extended period of time. As attorneys for the Creditors' Committee, your petitioners analyzed for such Committee the breakdown of the value of the assets if sold at public auction sale and also gave the Committee an

analysis of all other assets that could be counted on in the event that a bankruptcy took place.

Your petitioners were instructed by the members of the Committee to meet again with the debtor and its representatives for the purpose of working out a Plan of payment that would be acceptable to all concerned.

Mr. Joseph H. Frier, Jr. of Goldman, Frier & Altesman, had several conferences with the attorneys for the debtor in connection with a proposed Plan of arrangement, and the vast experience of Mr. Frier in bankruptcy proceedings were utilized in arriving at a Plan which could be presented to the Creditors' Committee for their consideration. The Plan provided for payment of 2-1/2% by January 15th, 1974 and the remaining 97-1/2% over a ten (10) year period with various items of protection for the creditors, such as mortgages on real property, guarantees, etc. The unanimous feeling was that the only way in which creditors could actually be paid 100¢ on the dollar, would be through

the real property owned by the debtor. If this property could be improved upon and be fully utilized, its projected income over a period of several years could produce sufficient monies to pay creditors in full. A draft of a Plan was thereafter prepared and submitted to the Creditors' Committee for their consideration.

18. While all these negotiations were being conducted by Messrs. Goldman, Frier & Altesman, Arthur I. Winard and the attorneys for the debtor, the Special Counsel J. Carroll Abernethy, Jr., for Goldman, Frier & Altesman and Arthur I. Winard, attended all Court hearings in connection with this Chapter XI proceeding.

19. During the course of this proceeding, it became known that the First Citizens Bank & Trust Co. which had an alleged lien on the assets of the debtor, was claiming title to certain assets of the debtor which were removed from debtor's California operation to its North Carolina operation. Your petitioners conducted an investigation of this purported lien and

thereafter advised the Creditors' Committee that such alleged secured creditor did not actually have a valid secured interest in and to the aforesaid property, and at the instructions of the Creditors' Committee prepared a legal brief for the purpose of either having the debtor object to such security or object to such security on behalf of the Creditors' Committee.

In the conference that followed, it developed that it was absolutely necessary for the debtor to have the co-operation of the First Citizens Bank as additional advancement of monies were necessary in order for the debtor to continue the operating of its business. It was therefore, decided not to object to the security interest in consideration for the advancement of further sums to the debtor. In that way, the general creditors, the secured party and the debtor were mutually benefited.

20. That your petitioners, at the request of the debtor and the Creditors' Committee, arranged for a

further meeting for the purpose of discussing debtor's proposed Plan of Arrangement. At this meeting, the contents of the Plan were thoroughly discussed and your petitioners had to explain all the legal ramifications contained therein to the Creditors' Committee. The final determination made was that the Plan as presented did not thoroughly protect the creditors and your petitioners were instructed to prepare a revised Plan of Arrangement in conjunction with the attorneys for the debtor that would be more suitable for the ultimate protection to creditors.

Unfortunately, there was a time problem involved as the party who was going to invest large sums of money into the debtor's real estate operation insisted that everything be crystallized by a certain date, and that the debtor's Plan be accepted by such time by the requisite number of creditors. It was decided to permit the debtor to file the original Plan and that later an amended Plan could be filed. Since this amended

Plan was to be a better one, your petitioners concluded that it was not necessary to send out a second plan to the creditors at such later date.

21. Your petitioners, at the instructions of the Creditors' Committee communicated with all creditors through a letter which was written to such creditors explaining the details of the Plan and containing the recommendation of the Creditors' Committee with creditors signing a Consent to such Plan of Arrangement. The Consent was also prepared by your petitioners, and this Consent contained a clause that should any better Plan be filed thereafter, the same Consent would apply to the amended Plan.

As a result of this letter and the many telephone conversations that each of your petitioners had with various creditors sufficient Consents were eventually received that enabled debtor's Plan of Arrangement to be accepted by the requisite majority of creditors in amount and number.

22. During the course of this proceeding, your petitioners as attorneys for the Creditors' Committee, were informed that the Commercial Credit Business Loans, Inc., a secured creditor of the above named debtor, was threatening to close down completely the retail operation of the debtor temporarily to prevent incurring all further operating losses and curtail operations and expenses of the debtor and that an Order to Show Cause was going to be submitted to the Court by the aforesaid applicant. One of your petitioners appeared in Court on the aforesaid hearing and at such time, an Agreement was made by all the parties in interest to permit the debtor to continue the operations.

23. The debtor's lease on the building located at 115-4th Street, North West, Hickory, N. C. expired on the 31st day of July, 1973. The debtor's representatives informed your Committee that there was a possibility of negotiating a new lease with a J. P. Whitener, the owner of a building located at 64-70

Southwest, Hickory, N. C. It was necessary for your petitioners as attorneys for the Creditors' Committee to go into the details of the contemplated lease to determine whether it would be in the best interest of creditors to permit the debtor to move to the aforesaid premises. After analyzing all the costs involved and the further conferring with Commercial Business Loans, Inc., which was a major secured creditor of the above named debtor, your petitioners finally gave approval to the aforesaid move and the entry by the debtor into a new lease arrangement.

24. Your petitioners were advised by the aforesaid debtor that the debtor could enter into a contract with Smith Enterprises, Inc. wherein this company would contact former customers of the debtor under its premium catalogue sales program; and for this right, would pay to the debtor 5% of the gross sales of premium catalogue sales to any former customers of the debtor. A copy of the contract was exhibited to your

petitioners and after consultation with the Creditors' Committee, and making a thorough analysis as to what this contract could mean in the way of financial remuneration to the debtor, your petitioners gave their consent to the entry of such contract.

25. Your petitioners still have to arrange for the actual execution and delivery of the various items of protection for the creditors as provided for in the Amended Plan of Arrangement, and as a result, a great deal of legal work still remains to be done. The Plan herein has yet to be confirmed, and a hearing will be held as to the feasibility and best interests. Your petitioners will have to attend the aforesaid hearing. When distribution under the Plan is to be made, your petitioners will unquestionably be called upon to ascertain whether proper distribution has been made. Your petitioners will have to supervise the preparation of a Master promissory note securing the balance of 97-1/2% as provided for under the Plan.

26. Since this Amended Plan will take approximately ten years to achieve, it is obvious that many legal problems will arise during the ensuing years, possibilities being the acceleration of payments so that creditors can be paid over a shorter period of time, analysis of periodic financial reports to be submitted by the debtor, the involvement of the debtor in possible law suits in the future, etc. It is therefore, apparent that many hours of future legal services will be performed by your petitioners in connection with this matter.

27. Your petitioners have attempted to outline the services rendered by their respective firms and to actually list every hour and minute would serve no particular purpose except to unduly lengthen this Application. The telephone conversations with co-counsel, the debtor, the attorney for the debtor and with members of the Creditors' Committee and other interested parties were highly numerable. The correspondence was most voluminous and the files of all

attorneys in this matter are very thick with legal content. In the preparation of the final Plan and throughout all the negotiations in connection therewith, attempts were made to accommodate the wishes of all the creditors. The filing of the improved Plan and the chances of creditors getting a better deal are all the result of the constant attention and perseverance given by your petitioners to this matter. This case called for a particularly high degree of initiative, imagination and skill. Throughout the proceedings, Arthur I. Winard and Joseph H. Frier, Jr. who are senior partners in their firms, took personal charge and were consulted on all major questions of policy and procedure. Mr. J. Carroll Abernethy, Jr. likewise, personally devoted his services to this proceeding. Both Mr. Frier and Mr. Winard have varied and extensive knowledge and experience in insolvency proceedings. Both are regarded as authorities in this field, and Mr. J. Carroll Abernethy, Jr. in his

own right, is quite an authority on commercial and insolvency laws.

28. In evaluating their services, petitioners rely upon their background, experience, the complexities of this matter, the amount of time consumed in the administration of these proceedings and the success in effectuating a Plan in the best interests of creditors and the amount involved in the distribution to creditors. Ultimately there will have been paid out a sum approaching $1,300,000.00 and the matter was handled by your petitioners with a keen sense of the responsibility involved in so substantial a sum.

The functions of a Creditors' Committee includes passing judgment upon the proposed Plan of Arrangement, "it weighs the possibilities of rehabilitation and the terms of the Debtor's offer". While your petitioners have glossed over the negotiations between the debtor and the Committee pertaining to the ultimate proposal, they do not intend to indicate that it was a simple matter. On the contrary, it was most difficult and your

petitioners' assistance resulted in an improvement of the Plan.

Little need be said concerning the examination into the debtor's prior payments and transfers for possible preferences, fraudulent and voidable, and all the other and pertinent matters that necessarily fell to their lot.

29. Taking into consideration the factors involved in fixing a fee which include "the amount involved, the problems which arose, their complexities and solution, the result achieved, the opposition encountered, the experience and standing of a counsel and time consumed", your petitioners, taking all the circumstances into account, request an allowance therefor for services to date and to be rendered in the sum of $22,000.00.

30. That the successful conclusion of this proceeding will give the debtor an opportunity to continue his operation as well as enable creditors to realize a maximum benefit under the circumstances and to

continue a business relationship with, hopefully, a rehabilitated business.

31. That all the services for which compensation is being requested were performed for and on behalf of the creditors.

32. Your petitioners wish to point out to this Court that they are requesting only one fee in their capacity as attorneys for the Official Creditors' Committee so that it is obvious to this Court that there will not be compounded fees in connection with this proceeding. The division of such fees are set forth in the affidavits annexed hereto and made a part hereof and is based upon the services actually performed by each of the aforesaid attorneys.

DATED: Nov. 12, 1973

GOLDMAN, FRIER & ALTESMAN,

By: Joseph H. Frier, Jr. - Partner

ARTHUR I. WINARD

By: Arthur I. Winard

J. CARROLL ABERNETHY

By: J. Carroll Abernethy

RE: GOLDEN ENTERPRISES, INC.

DISBURSEMENTS OF

GOLDMAN, FRIER & ALTESMAN

Plane tickets to Charlotte, North Carolina	$ 99.27
Long Distance Telephone Calls to Charlotte, N. C.	134.34
Zeroxing various documents submitted to Creditors' Committee and several creditors	85.00
TOTAL DISBURSEMENTS	$318.61

YOUR PETITIONERS REQUEST REIMBURSEMENT OF THE AFORESAID OUT OF POCKET EXPENSES.

UNITED STATES DISTRICT COURT

WESTERN DISTRICT OF NORTH CAROLINA

(Caption omitted in printing)

STATE OF NEW YORK)

COUNTY OF NEW YORK) SS.:

JOSEPH H. FRIER, JR. being duly sworn, deposes and says:

I am a member of the firm of GOLDMAN, FRIER & ALTESMAN. Said firm is co-counsel with the firms of ARTHUR I. WINARD, ESQ. and J. CARROLL ABERNETHY, JR. for the Creditors' Committee in the within proceeding. I have read the foregoing petition and know the contents thereof; the same is true to the best of my knowledge, except as to those matters therein alleged to be upon information and belief, and as to those matters, I believe them to be true.

(Jurat omitted in printing)

/s/ Joseph H. Frier, Jr.

UNITED STATES DISTRICT COURT

WESTERN DISTRICT OF NORTH CAROLINA

(Caption omitted in printing)

STATE OF NEW YORK)

COUNTY OF NEW YORK) SS.:

ARTHUR I. WINARD, being duly sworn, deposes and says:

I am Co-Counsel with the firms of GOLDMAN, FRIER & ALTESMAN and J. CARROLL ABERNETHY, JR. for the Creditors' Committee in the within proceeding. I have read the foregoing petition and know the contents thereof; the same is true to the best of my knowledge, except as to the matters therein alleged to be upon information and belief, and as to those matters, I believe them to be true.

(Jurat omitted in printing)

/s/ Arthur I. Winard

UNITED STATES DISTRICT COURT

WESTERN DISTRICT OF NORTH CAROLINA

(Caption omitted in printing)

STATE OF NORTH CAROLINA)

COUNTY OF CATAWBA) SS.:

J. CARROLL ABERNETHY, JR., being duly sworn deposes and says:

I am Co-Counsel with the firms of GOLDMAN, FRIER & ALTESMAN and ARTHUR I. WINARD for the Creditors' Committee in the within proceeding. I have read the foregoing petition and know the contents thereof; the same is true to the best of my knowledge, except as to the matters therein alleged to be upon information and belief, and as to those matters, I believe them to be true.

(Jurat omitted in printing)

UNITED STATES DISTRICT COURT

WESTERN DISTRICT OF NORTH CAROLINA

(Caption omitted in printing)

STATE OF NEW YORK)

COUNTY OF NEW YORK) SS.:

ARTHUR I. WINARD, being duly sworn, deposes and says:

I am Co-Counsel with GOLDMAN, FRIER & ALTESMAN and J. CARROLL ABERNETHY JR. for the Creditors' Committee in the above entitled matter.

In accordance with Section 62 D of the Bankruptcy Act, as amended, your deponent hereby states that no agreement or understanding exists between me and GOLDMAN, FRIER & ALTESMAN and J. CARROLL ABERNETHY JR. and other persons for the division of compensation and that no division of compensation will be made by said attorneys except that of whatever fees are allowed, the firms of GOLDMAN, FRIER & ALTESMAN and myself are to receive forty (40%) per

cent each and J. CARROLL ABERNETHY JR. will receive twenty (20%) per cent for acting as Special Counsel to the attorneys for the Creditors' Committee.

No Agreement prohibited by Title 18 USC Section 155 has been made.

Neither I, GOLDMAN, FRIER & ALTESMAN nor J. CARROLL ABERNETHY JR. have entered into any Agreement, expressed or implied, with any other party in interest including the Debtor herein, any creditor, the Debtor-in-Possession or any representative of any of them or with any attorney or any such party in interest in the proceeding for the purpose of fixing the fees or other compensation to be paid to any such party in interest or any attorney for any such party in interest for services rendered or expenses incurred in connection therewith from the assets of the estate, in excess of the compensation allowed by this Court.

(Jurat omitted in printing)

/s/ Arthur I. Winard

UNITED STATES DISTRICT COURT

WESTERN DISTRICT OF NORTH CAROLINA

(Caption omitted in printing)

STATE OF NEW YORK)

COUNTY OF NEW YORK) SS.:

JOSEPH H. FRIER, JR., a partner in the firm of GOLDMAN, FRIER & ALTESMAN, being duly sworn, deposes and says:

Our firm is Co-Counsel with ARTHUR I. WINARD and J. CARROLL ABERNETHY JR. for the Creditors' Committee in the above entitled matter.

In accordance with Section 62 D of the Bankruptcy Act, as amended, your deponent hereby states that no agreement or understanding exists between our firm and ARTHUR I. WINARD and J. CARROLL ABERNETHY JR. and other persons for the division of compensation and that no division of compensation will be made by said attorneys except that of whatever feesare allowed the firms of GOLDMAN, FRIER & ALTESMAN and ARTHUR I. WINARD are to receive forty (40%) percent

each and J. CARROLL ABERNETHY JR. will receive twenty (20%) percent for acting as Special Counsel to the attorneys for the Creditors' Committee.

No Agreement prohibited by Title 18 USC Section 155, has been made.

Neither GOLDMAN, FRIER, & ALTESMAN, ARTHUR I. WINARD nor J. CARROLL ABERNETHY JR. have entered into any Agreement, expressed or implied, with any other party in interest including the debtor herein, any creditor, the Debtor-in-Possession or any representative of any of them, or with any attorney or any such party in interest in the proceeding for the purpose of fixing the fees or other compensation to be paid to any such party in interest or any attorney for any such party in interest for services rendered or expenses incurred in connection therewith from the assets of the estate, in excess of the compensation allowed by this Court.

(Jurat omitted in printing)

/s/ Joseph H. Frier, Jr.

UNITED STATES DISTRICT COURT

WESTERN DISTRICT OF NORTH CAROLINA

(Caption omitted in printing)

STATE OF NORTH CAROLINA)

COUNTY OF CATAWBA) SS.:

J. CARROLL ABERNETHY JR., being duly sworn, deposes and says:

I am Co-Counsel with GOLDMAN, FRIER & ALTESMAN and ARTHUR I. WINARD for the Creditors' Committee in the above entitled matter.

In accordance with Section 62 D of the Bankruptcy Act, as amended, your deponent hereby states that no agreement or understanding exists between me and GOLDMAN, FRIER & ALTESMAN and ARTHUR I. WINARD, and other persons for the division of compensation and that no division of compensation will be made by said attorneys except that of whatever fees are allowed the firms of GOLDMAN, FRIER & ALTESMAN and ARTHUR I. WINARD are to receive forty (40%) per

cent each and I will receive twenty (20%) per cent for acting as Special Counsel to the attorneys for the Creditors' Committee.

No agreement prohibited by Title 18 USC Section 155 has been made.

Neither I, GOLDMAN, FRIER & ALTESMAN nor ARTHUR I. WINARD have entered into any Agreement, expressed or implied, with any other party in interest including the Debtor herein, any creditor, the Debtor-in-Possession or any representative of any of them or with any attorney or any such party in interest in the proceeding for the purpose of fixing the fees or other compensation to be paid to any such party in interest or any attorney for any such party in interest for services rendered or expenses incurred in connection therewith from the assets of the estate, in excess of the compensation allowed by this Court.

(Jurat omitted in printing)

IN THE DISTRICT COURT OF THE UNITED STATES

FOR THE WESTERN DISTRICT OF NORTH CAROLINA

STATESVILLE DIVISION

(Caption omitted in printing)

Honorable Joseph R. Cruciani, Bankruptcy Judge:

We, hereby submit request for payment in the amount of $1,956.00 for services rendered in regard to Golden Enterprises, Inc. and its bankruptcy petition. Our services rendered pertain to the following:

Preparation of cash forecast on commercial rental properties:

13 hrs. at 20.00	$ 260.00
4-1/2 hrs. at 10.00	45.00
	$ 305.00

Assistance in bringing books up to date and preparation of unaudited balance sheets, statement of affairs and deficiency statements at May 4, 1973:

79-1/2 hrs. at 20.00	$1,590.00	
3 hrs. at 10.00	30.00	1 1,620.00

Xerox Copies	30.00
Telephone Calls	1.00
	$ 1,956.00

All services performed subsequent to the date which the bankruptcy was ratified by the court are not included in the above request.

Very truly yours,

/s/ Lawing, Rowe & Company

WJL/ab

IN THE DISTRICT COURT OF THE UNITED STATES

FOR THE WESTERN DISTRICT OF NORTH CAROLINA

STATESVILLE DIVISION

(Caption omitted in printing)

APPLICATION

Now comes James M. Gaither, Jr., attorney for the debtor in the above-referred-to matter and shows unto the Court:

1. That he has represented Golden Enterprises, Inc. since it was incorporated in 1968.

2. That he was appointed to represent debtor in the proceedings for an arrangement No. ST-B-73-6.

3. That a Plan of Arrangement has been accepted by the requisite number of creditors of the debtor.

4. That the debtor has been ordered to file an application for confirmation by no later than December 30, 1973.

5. That he has done the following matters and things in his capacity as attorney for the debtor immediately prior to the filing of the Petition under

Chapter XI of the Bankruptcy Act and has continued to perform services to the date of this application:

Conferences with Golden Enterprises, Inc. including conferences with Judge Joseph R. Cruciani regarding the Petition under Chapter XI of the Bankruptcy Act - 7 hours

Preparation of Petition and accompanying schedules - 10 hours

Application to Employ Attorney, Application to Stay Enforcement of Liens, and respective Orders - 2 hours

Application for Further Time to File Statement of Executory Contracts, Schedules and Statement of Affairs - 2 hours

Preparation of executory contracts - 8 hours

Notice of first meeting - May 30, 1973 - 1 hour

Notice of adjourned first meeting - June 12, 1973 - 1 hour

Preparation for first meeting - 5 hours

Attending first meeting and adjourned first meeting - 12 hours

Meetings and conferences with Commercial Credit Business Loans, Inc. regarding the following:

Initial Petition - 2 hours

Thomasville transaction including Order - 10 hours

Shelby transaction - 10 hours

Operation of business relative to July 24, 1973, Order - 10 hours

California inventory - 7 hours

Petition to Reclaim of Matshushita dated June 18, 1973 - 3 hours

Conferences with Golden Enterprises, Inc. and Matshushita - 5 hours

Hearings regarding Matshushita claim - 5 hours

Conferences with Marine Midland Leasing Corporation - 12 hours

Conferences with Sidney Shiffman regarding Golden Enterprises, Inc.'s lease in California and settlement of the lease - 8 hours

William Grooh, Gainesville, Georgia, matter including conferences, Motions, Order and show cause hearing and resultant Orders - 25 hours

Conferences with Charles Camp and Crawley Cash regarding Shelby sale of Golden Enterprises, Inc.'s inventory including hearings on same - 15 hours

Temporary Order Regulating Operation of Debtor's Business and Petition to Sell Assets and to Ratify Prior Sale of Assets - drafting only - 3 hours

Application to Employ Accountant - drafting only - 1 hour

Order Staying Enforcement of Liens - drafting only - 1/2 hour

Conferences with Francis Fairley and Commercial Credit Business Loans, Inc. regarding operation of debtor's business - May to January 1974 - 20 hours

Preliminary Plan of Reorganization - drafting and conferences - 25 hours

Conferences with Smith Enterprises, Inc. regarding 5% sales agreement - June 1973 - 10 hours

Drafting contract between Golden Enterprises, Inc. and Smith Enterprises, Inc., hearing on contract, Order accepting terms of contract, and contract revisions - 8 hour

Conferences and correspondence with Federal and State taxing authorities - 5 hours

Final draft of Preliminary Plan of Reorganization of Golden Enterprises, Inc. - 5 hours

Notice of hearing - September 25, 1973 - 1 hour

Conferences with Commercial Credit Business Loans, Inc. regardig operation of business and Plan of Arrangement - 12 hours

Conferences with Robert L. McKaughn, Jr., William E. Butner, First-Citizens Bank and Trust Company, North Carolina National Bank, Shelby Savings and Loan Association, Bankruptcy Court, and Creditors' Committee regarding second mortgage to implement Plan of Arrangement - 137 hours

Conferences with National Velvet Plusch, Inc. regarding lease, lease amendments and adjustments - 15 hours

Conferences with First National Bank of Catawba County regarding mortgages - 5 hours

Conferences with Fidelity Federal Savings and Loan Association regarding mortgage - 3 hours

Conferences with attorney for Creditors' Committee, J. Carroll Abernethy, Jr. - 6 hours

Conferences with attorneys for Commercial Credit Business Loans, Inc. in New York including two trips to New York, New York, for the purpose of drafting Plan of Arrangement - 30 hours

Research regarding Chapters X and XI rules - 15 hours

Attending bankruptcy seminar in Atlanta, Georgia - 8 hours

Application and Order extending time for filing the Plan of Arrangement - drafting - 2 hours

Application for ratification of contract between Golden Enterprises, Inc. and Smith Enterprises, Inc., Order and Consent of Creditors' Committee of Golden Enterprises, Inc. - drafting - 2 hours

Application and Orders regarding approval of a new lease for Golden Enterprises, Inc., conferences and drafting documents - 12 hours

Conferences with various creditors regarding Plan of Arrangement - 45 hours

Preparation of Report of acceptance - 30 hours

Redrafting Plan of Arrangement and conferences regarding same - 3 hours

Motion and Order relating to imposition of second mortgage and conferences with bankruptcy office regarding the second mortgage - 4 hours

Drafting Agreement between First-Citizens Bank and Trust Company and Creditors' Committee - 1 hour

Cancellation of Lease Agreements - 1 hour

Agreement between Robert L. McKaughn, Jr., William E. Butner and First-Citizens Bank and Trust Company - 3 hours

Subordination Agreement between Shelby Savings and Loan Association and Golden Enterprises, Inc. - 1/2 hour

Subordination Agreement between First-Citizens Bank and Trust Company and Golden Enterprises, Inc. - 1/2 hour

Two Assignments of Lease Agreements from Golden Enterprises, Inc. to First-Citizens Bank and Trust Company - 1 hour

Assignment of Lease Agreements from Golden Enterprises, Inc. to Shelby Savings and Loan Association - 1/2 hour

Lease Agreement between Golden Enterprises, Inc. and Superior Continental Corporation - 3 hours

Memorandum of Lease Agreement between Golden Enterprises, Inc. and Superior Continental Corporation - 1/2 hour

Application for extension of time to file application for allowance of fees - 1/2 hour

Order extending time for filing application for allowance of fees - 1/2 hour

Application for extension of time to file application for confirmation of the Plan of Arrangement - 1/2 hour

Order extending time for filing of application for confirmation of the Plan of Arrangement - 1/2 hour

Conferences since debtor was notified of National Velvet Plusch, Inc.'s default with the following:

Superior Continental Corporation - 12 hours

General Electric Corporation - 3 hours

First-Citizens Bank and Trust Company - 15 hours

First National Bank of Catawba County - 2 hours

Shelby Savings and Loan Association - 5 hours

Jack Sipe Construction Company - 10 hours

Miscellaneous correspondence - 15 hours

Total hours - 642-1/2

6. That attached hereto and marked "Exhibit A" is a complete list of documents drafted with respect to this proceeding.

7. That the secretary spent the following number of hours typing documents and checking and computing totals for Consents and Proofs of Claims filed:

Number of hours spent at the office - 135 hours

Number of hours spent at home - 50 hours

8. That the following is a list of expenses advanced by the firm of Butner and Gaither for Golden Enterprises, Inc.:

Xerox copies	$	57.50
Long-distance telephone calls		380.00
Clerk of Court		26.00
United States Marshall		7.00
Bankruptcy seminar		
Registration fee - $ 45.00		
Airplane fare - 50.00		
Lodging - 20.00		
Meals - 20.00		135.00

Downtowner East, Charlotte, North Carolina -		
lodging and meals		39.75
Two trips to New York, New York *		
Airplane fare - $206.56		
Miscellaneous expenses		
and meals - 50.00		
Sum advanced to Thomas D.		
Golden - 100.00		356.56

* Golden Enterprises, Inc. paid for the lodging.

Hickory Daily Record - publishing Notice		5.00
Total Expenses Advanced		$1,006.81

I made numerous trips to Charlotte and Statesville, North Carolina, regarding this proceeding; however, in view of the rate being charged, I am not attempting to be reimbursed for these travel expenses.

WHEREFORE, James M. Gaither, Jr., attorney for the debtor, prays the Court that he have and recover attorney fees in the amount of Thirty-two Thousand One Hundred Twenty-five and 00/100 ($32,125.00)

Dollars [based on the rate of Fifty ($50.00) Dollars per hour] and One Thousand Six and 81/100 ($1,006.81) Dollars in expenses advanced.

This the 17th day of December, 1973.

James M. Gaither, Jr., Attorney for the Debtor

Butner and Gaither

Post Office Box 2323

Hickory, North Carolina 28601

Exhibit A

Following is a list of Petitions, Motions, Applications, Orders and miscellaneous correspondence and other work which have been prepared for Golden Enterprises, Inc. since the filing of the petition in bankruptcy:

Petition

Affidavit of Proposed Attorney

Application to Employ Attorney

Application to Stay Enforcement of Liens

Application for Further Time to File Statement of Executory Contracts, Schedules and Statement of Affairs

Order for hearing to confirm sales at the Thomasville, Georgia, and Shelby, North Carolina, locations

Application for Authority to Operate Business

Order Authorizing Operation of Business

Application to Stay Suits

Order Staying Suits

Notice to William Grooh, Application to Restrain William Grooh and Request for Show Cause Hearing, and Order

Two Notices to creditors dated May 17, 1973

Petition to Sell Assets and to Ratify Prior Sale of Assets

Temporary Order Regulating Operation of Debtor's Business

Application to Employ Accountant

Order Authorizing Appointment of Accountant

Order Staying Enforcement of Liens

Preliminary Plan of Reorganization of Golden Enterprises, Inc.

Notice dated August 13, 1973

Consent of Creditor's Committee for lease for building on Highway 64-70, S. W., Hickory, North Carolina, Application for approval of new lease, and Order authorizing Golden Enterprises, Inc. to enter into the lease

Agreement between Golden Enterprises, Inc. and Smith Enterprises, Inc.

Application for ratification of contract between Golden Enterprises, Inc. and Smith Enterprises, Inc., Order and Consent of Creditors' Committee

Order approving extensions for filing plan of arrangement and hearing to confirm the plan of arrangement

Consent to Plan of Arrangement (United States Government)

Consent to Plan of Arrangement (North Carolina Department of Revenue)

Arrangement, Notice of hearing on confirmation of the plan, and letter to creditors of Golden Enterprises, Inc.

Notice dated September 25, 1973

Amended Plan of Arrangement

Agreement between First-Citizens Bank and Trust Company of Hickory, North Carolina, and the

Creditors' Committee of Golden Enterprises, Inc.

Motion and Order for implementation of plan of arrangement

Report

Cancellation of Lease Agreements

Agreement between Robert L. McKaughn, Jr., William E. Butner and First-Citizens Bank and Trust Company

Subordination Agreement between Shelby Savings and Loan Association and Golden Enterprises, Inc.

Subordination Agreement between First-Citizens Bank and Trust Company and Golden Enterprises, Inc.

Two Assignments of Lease Agreements from Golden Enterprises, Inc. to First-Citizens Bank and Trust Company

Assignment of Lease Agreements from Golden Enterprises, Inc. to Shelby Savings and Loan Association

Lease Agreement between Golden Enterprises, Inc. and Superior Continental Corporation

Memorandum of Lease Agreement between Golden Enterprises, Inc. and Superior Continental Corporation

Application for extension of time to file application for allowance of fees

Order extending time for filing application for allowance of fees

Application for extension of time to file application for confirmation of the plan of arrangement

Order extending time for filing of application for confirmation of the plan of arrangement

Miscellaneous correspondence

IN THE DISTRICT COURT OF THE UNITED STATES
FOR THE WESTERN DISTRICT OF NORTH CAROLINA
STATESVILLE DIVISION

(Caption omitted in printing)

MOTION

James M. Gaither, Jr., attorney for Golden Enterprises, Inc., hereinafter called "Debtor," makes the following motion:

1. That Debtor filed a petition under Chapter XI of the Bankruptcy Act on May 4, 1973.

2. That a Plan of Arrangement (as amended) has been accepted by the requisite number of creditors of Golden Enterprises, Inc. but has not been confirmed by the Court.

3. That January 15, 1974, was set as the confirmation date for the Plan of Arrangement.

4. That following the acceptance of the Plan of Arrangement, several problems developed; that said problems have been outlined in a prior Motion filed with the Court on January 15, 1974.

5. That as a result of the withdrawal of support by First-Citizens Bank and Trust Company, Debtor has been unable to complete Phase II of its real estate project located on Tate Boulevard in Hickory, North Carolina.

6. That Jack Sipe Construction Company and several contractors have prospective labor and materialmen's liens against the property. These liens represent sums owed by Debtor. The total of the claims represented by the respective liens is $210,775.00. This sum includes $69,693.00 to be expended to complete Golden Enterprises, Inc.'s real estate. The sum of $210,775.00 is broken down as follows:

Tate Boulevard Warehouse No. 1

Jack Sipe Construction Company	$ 22,918.00
Miller & Smyre Plumbing & Heating Co.	10,210.00
Henson Electric Company	184.00
Taylor Heating Co., Inc.	600.00

Jack Kincaid, Architect	1,270.00
City of Hickory	4,900.00
Crawford Sprinkler Company	6,421.00
	$ 46,503.00

Tate Boulevard Warehouse No. 2

Jack Sipe Construction Company	$ 90,460.00
Miller & Smyre Plumbing & Heating Co.	600.00
Taylor Heating Co., Inc.	5,495.00
Wiring	12,000.00
Jack Kincaid, Architect	1,236.00
Crawford Door Company	3,324.00
	$ 113,115.00

Tate Boulevard Warehouse No. 3

Jack Kincaid, Architect	$ 1,741.00

Village Plaza Shopping Center

Midstate Contractors, Inc.	$ 9,388.00
Henson Electric Company	2,598.00
Taylor Heating Co., Inc.	2,238.00

Miller & Smyre Plumbing & Heating Co.	8,663.00
Jack Sipe Construction Company	15,083.00
	$ 37,970.00

Leasehold Improvements

$ 11,446.00

7. That Shelby Savings and Loan Association has a first mortgage on Debtor's property located on Tate Boulevard in the original amount of $755,000.00; that approximately $370,000.00 have been advanced; that $399,000.00 remain to be distributed to Debtor upon completion of Phase II; that Shelby Savings and Loan Association has agreed to disburse the remainder to Debtor upon completion of Phase II as follows:

(a) $250,000.00 plus interest in the amount of approximately $17,000.00 to First-Citizens Bank and Trust Company. Upon payment of this sum, First-Citizens Bank and Trust Company agrees to cancel two construction loan deeds of trust in the amounts of $200,000.00 and $50,000.00.

(b) Attorney fee for Butner and Gaither in the amount of $1,964.50 which has been held in escrow since the loan was originally placed on the public records on April 9, 1973.

(c) City of Hickory taxes in the sum of $9,490.41 and Catawba County ad valorem taxes in the sum of $7,689.15.

(d) Remainder of approximately $112,855.94 to be paid to Jack Sipe Construction Company.

8. Following completion and disbursement by Shelby Savings and Loan Association, there will then remain owing to the general and the subcontractors the sum of $97,919.06.

9. William E. Butner and Robert L. McKaughn, Jr. have a second mortgage on all of Debtor's property in the amount of $250,000.00. They have agreed to join Jack Sipe Construction Company for the purpose of completing the real estate and have consented to occupy the position that was originally planned for First-

Citizens Bank and Trust Company, Hickory, North Carolina, by accepting a second mortgage on all of Debtor's real property for the sum of $250,000.00 plus accrued interest plus the total amount of contractors' bills remaining unpaid following completion of Phase II and disbursement by Shelby Savings and Loan Association of the remainder of the first mortgage.

10. That in order to accomplish this, it is necessary to amend the Plan of Arrangement by deleting Article II and substituting in lieu thereof the following:

ARTICLE II

PROVISIONS FOR THE COMPLETION OF DEBTOR'S REAL ESTATE

Pending confirmation, debtor has obtained consents from the following secured creditors to complete a real estate project on Tate Boulevard in Hickory, North Carolina:

(a) Second mortgageholders, William E. Butner and Robert L. McKaughn, Jr.

(b) Jack Sipe Construction Company and subcontractors

(c) First-Citizens Bank and Trust Company

(d) Shelby Savings and Loan Association

(e) Golden Enterprises, Inc.'s Creditors Committee

Following completion of the project and disbursements to contractors and lienholders by Shelby Savings and Loan Association, the debt owing to William E. Butner and Robert L. McKaughn, Jr. shall be consolidated with that of the contractors and a mortgage not to exceed the sum of $360,000.00 shall be placed upon the public records. All other mortgages on any of debtor's property (except first mortgages) shall then be cancelled. This note and deed of trust shall be for not more than the sum of $360,000.00 and amortizable over a period of 15 years upon such terms and conditions to be agreed upon by the second mortgage holders and the Creditors' Committee and as approved by the Court. Such agreement

shall contain provisions regulating the rights of the second mortgage holders with respect to excess cash flow of debtor's Real Estate Division as a means of amortizing the loan. (See "Note B" of the Plan of Arrangement.) The mortgage of the second mortgage holders shall be immediately superior to the mortgage for the unsecured creditors.

11. That the alteration of the plan as set forth in this Motion does not materially or adversely affect the interests of creditors or shareholders.

12. This Motion is made prior to confirmation because time is of the essence, and the Real Estate Division will be seriously damaged if the project is allowed to remain in its uncompleted state.

13. That this Motion is made prior to confirmation and is without notice to unsecured creditors but is made with the consent of the Creditors' Committee and all parties claiming a security interest in Debtor's real estate.

14. That this Motion, if granted, shall directly accrue to the benefit of the unsecured creditors because it will create additional equity in Debtor's real estate for unsecured creditors in the event the Plan of Arrangement is confirmed (a $360,000.00 second mortgage instead of a $460,000.00 second mortgage). In the further event that the plan is not confirmed and the company is adjudicated a bankrupt, the Real Estate Division will be in a position to be sold subject to a first mortgage and a second mortgage rather than piecemeal and without the benefit of completed financing; that the value of the property in its completed state is much greater and will inure directly to the unsecured creditors.

15. That in the event this Motion is allowed, William J. Lawing, a Certified Public Accountant, has offered his services for the sum of $100.00 per month to collect all rents and make all disbursements necessary to accomplish the intent of the Plan of Arrangement.

WHEREFORE, Debtor prays for an order allowing an amendment to the Plan of Arrangement for the purpose of substituting William E. Butner, Robert L. McKaughn, Jr., and Jack Sipe Construction Company as second mortgagees in lieu of First-Citizens Bank and Trust Company for the purpose of completing Debtor's real estate.

This the _____ day of February, 1974.

James M. Gaither, Jr., Attorney

for Debtor

We hereby consent to the foregoing Motion.

/s/ William E. Butner

/s/ Robert L. McKaughn, Jr.

/s/ First-Citizens Bank and Trust Company

/s/ Shelby Savings and Loan Association

(Subject to the conditions as set forth

in Exhibit "A" attached hereto.)

/s/ Jack Sipe Construction Company

/s/ Henson Electric Company

/s/ Miller & Smyre Plumbing & Heating Co.

/s/ Taylor Heating Co., Inc.

/s/ Midstate Contractors, Inc.

Creditors' Committee

By: Chairman

By: Co-Counsel to Creditors' Committee

By: Co-Counsel to Creditors' Committee

EXHIBIT "A"

Shelby Savings and Loan Association of Shelby, N. C., hereby agrees to honor its commitment to Golden Enterprises, Inc., on the following basis:

A. Golden Enterprises, Inc., shall obtain the consent of all parties to that certain Motion providing for completion of Golden Enterprises real estate on Tate Boulevard in Hickory, North Carolina.

B. Golden Enterprises, Inc., shall furnish to Shelby Savings and Loan Association a certificate of title from Butner and Gaither, Attorneys at Law, certifying that the Deed of Trust in the original amount of $755,000.00 from Golden Enterprises, Inc., to Shelby Savings and Loan Associaton and title insurance guaranteeing a first and prior lien on the property described in the instrument and without exception as to 1973 city and county taxes, matters of survey and laborer's and materialmen's liens.

C. A Federal Bankruptcy Court Order authorizing

disbursement of the balance of funds held by Shelby Savings and Loan Association as set forth in the Motion filed in the matter.

D. The assignment of all leases on Phase I and Phase II of the Golden Enterprises, Inc., Tate Boulevard property. The leases shall reflect that the income to be produced during the terms of the leases shall be sufficient to amortize Golden Enterprises, Inc.'s obligations to Shelby Savings and Loan Association as well as to pay a monthly escrow to Shelby Savings and Loan Association of 1/12th of the projected taxes and insurance premiums on the property for the period of the lease terms.

E. All construction to be completed on Phase I and Phase II of the Golden Enterprises, Inc., Tate Boulevard property, as per the Motion filed in this matter with respect to completion and according to plans and specifications. Upon completion and prior to disbursement Golden Enterprises, Inc., shall furnish to

Shelby Savings and Loan Association an architect's certificate of completion.

F. A legal opinion from the attorney of the debtor setting froth the priority of Shelby Savings and Loan Association's lien as it relates to the present Chapter XI proceeding and as it may further relate to any further bankruptcy proceeding under another Chapter of the Bankruptcy Act.

This the 12th day of February, 1974

/s/ Shelby Savings and Loan Association

/s/ Shelby Savings and Loan Association

IN THE DISTRICT COURT OF THE UNITED STATES

FOR THE WESTERN DISTRICT OF NORTH CAROLINA

STATESVILLE DIVISION

(Caption omitted in printing)

ORDER

This matter is before the Court upon the motion by James M. Gaither, Jr., attorney for Golden Enterprises, Inc. to amend the Amended Plan of Arrangement previously filed in this matter. The Court finds that said modification does not materially and adversely affect the interest of any creditor. It appearing that no notice of a hearing on said motion should be given, and no adverse interest having been represented, and that sufficient reason having been presented, it is

ORDERED that the debtor's motion to amend the Amended Plan of Arrangement be granted; and it is further

ORDERED that Article II of the Amended Plan of Arrangement be deleted and the following Article II

substituted in lieu thereof:

ARTICLE II

PROVISIONS FOR THE COMPLETION OF DEBTOR'S

REAL ESTATE

Pending confirmation, debtor has obtained consents from the following secured creditors to complete a real estate project on Tate Boulevard in Hickory, North Carolina:

(a) Second mortgage holders, William E. Butner and Robert L. McKaughn, Jr.

(b) Jack Sipe Construction Company and subcontractors

(c) First-Citizens Bank and Trust Company

(d) Shelby Savings and Loan Association

(e) Golden Enterprises, Inc.'s Creditors Committee

Following completion of the project and disbursement to contractors and lienholders by Shelby Savings and Loan Association, the debt owing to

William E. Butner and Robert L. McKaughn, Jr. shall be consolidated with that of the contractors and a mortgage not to exceed the sum of $360,000.00 shall be placed upon the public records. All other mortgages on any of debtor's property (except first mortgages) shall then be cancelled. This note and deed of trust shall be for not more than the sum of $360,000.00 and amortizable over a period of 15 years upon such terms and conditions to be agreed upon by the second mortgageholders and the Creditors' Committee and as approved by the Court. Such agreement shall contain provisions regulating the rights of the second mortgage holders with respect to excess cash flow of debtor's Real Estate Division as a means of amortizing the loan. (See "Note B" of the Plan of Arrangement.) The mortgage of the second mortgage holders shall be immediately superior to the mortgage for the unsecured creditors.

This the 14th day of February, 1974.

/s/ Bankruptcy Judge

IN THE DISTRICT COURT OF THE UNITED STATES

FOR THE WESTERN DISTRICT OF NORTH CAROLINA

STATESVILLE DIVISION

(Caption omitted in printing)

ARRANGEMENT

Golden Enterprises, Inc., the above-named debtor, proposes the following arrangement with its unsecured creditors:

ARTICLE I

PROVISIONS MODIFYING OR ALTERING THE RIGHTS OF UNSECURED CREDITORS

A. The unsecured debts of the debtor are divided into the following classes:

1. All debts which have priority under Section 64a(2), (4), (5) of the Bankruptcy Act.

2. All other debts, including claims arising from the rejection of executory contracts.

B. The unsecured debts of the debtor are treated as follows:

1. All debts included in Class 1 are to be paid in cash in full no later than January 15, 1974, or are to be paid in accordance with such agreement as may be made between any holder of such a debt and the debtor.

2. All debts included in Class 2 shall be settled and satisfied by the payment to the holders thereof of one hundred (100%) per cent of the unsecured indebtedness of debtor by the issuance of non-negotiable certificates of indebtedness to the unsecured creditors, said non-negotiable certificates of indebtedness being payable as follows:

Two and one-half (2-1/2%) per cent being due and payable on or before January 15, 1974, and ninety-seven and one-half (97-1/2%) per cent being due and payable on or before ten (10) years from the date of issuance (upon confirmation of the plan) and bearing no interest for the first five (5) years and bearing interest after five (5) years at the rate of ten (10%) per cent per annum.

Said non-negotiable certificates of indebtedness are to be secured by a mortgage on debtor's real estate for the aggregate amount of the non-negotiable certificates of indebtedness; said non-negotiable certificates of indebtedness, payable to the order of each creditor in Class 2 entitled to participate under Section 367 (3) of said Act, will be deposited for distribution, with such person or persons as the court may designate, within ten (10) days after confirmation of the arrangement; said non-negotiable certificates of indebtedness, payable to the order of each creditor in Class 2 entitled to participate under Section 370 of said Act, will be so deposited within ten (10) days after the allowance of any such debt; and the rights of creditors in Class 2 shall be modified and altered accordingly.

ARTICLE II

PROVISIONS FOR THE COMPLETION OF

DEBTOR'S REAL ESTATE

Subject to confirmation, debtor has obtained financing

needed to complete a major real estate project, thereby creating equity for the mortgage of the unsecured creditors. (See "Note A" for further explanation.) Therefore, upon confirmation debtor shall cause a mortgage in favor of First-Citizens Bank and Trust Company, Hickory, North Carolina, to be placed on the real estate of debtor prior to the mortgage of unsecured creditors. This note and deed of trust shall be for not more than the sum of Four Hundred Sixty Thousand ($460,000.00) Dollars and amortizable over a period of fifteen (15) years upon such terms and conditions to be agreed upon between First-Citizens Bank and Trust Company and the Creditors' Committee of Golden Enterprises, Inc. Such agreement shall contain provisions regulating the rights of the bank with respect to excess cash flow of debtor's Real Estate Division as a means of amortizing the loan. (See attached "Note B" for information regarding projected equity buildup in debtor's real estate.) The mortgage of First-Citizens Bank and

Trust Company shall be superior to the mortgage for the unsecured creditors.

ARTICLE III

PROVISIONS REGARDING OPERATION OF

DEBTOR'S RETAIL OPERATIONS

Until all of the non-negotiable certificates of indebtedness provided for in Article I hereof have been paid in full, the statutory committee of creditors shall have the following supervision and control of the debtor's business:

1. The debtor shall employ an accountant designated by said committee, who shall countersign all checks issued by the debtor, and who shall prepare quarterly operating statements, three (3) copies of which shall be furnished to said committee.

2. The debtor shall not contract any obligation over One Thousand ($1,000.00) Dollars without the prior approval in writing of the chairman of said committee.

3. The debtor shall not fix the salary of any of its

employees without the prior approval in writing of the chairman of said committee.

4. Debtor shall continue to operate at the retail level under existing orders and agreements with secured creditors so as to repay all secured creditors, including the taxing authorities, who have or might claim liens on debtor's inventory no later than January 15, 1974.

5. Debtor shall join in the execution of all documents relating to agreements between the Creditors' Committee and Commercial Credit Business Loans, Inc. regarding the operation of debtor's business until the lien and debt of Commercial Credit Business Loans, Inc. is satisfied.

6. During the term of this arrangement, debtor agrees to operate its Retail Division only so long as it has the express recommendation of the Creditors' Committee to so operate. In the event the Creditors' Committee recommends termination of the debtor's retail

operations following confirmation, debtor agrees to terminate all retail operations within thirty (30) days of receipt of written notice to do so. In the further event that debtor's retail operations are curtailed or are suspended pursuant to recommendations of the Creditors' Committee, debtor agrees to further abide by the regulations of the Creditors' Committee with respect to debtor's operation of its Real Estate Division.

ARTICLE IV

PROVISIONS FOR PAYMENT OF DEBTS INCURRED DURING PENDENCY OF ARRANGEMENT

All debts incurred after the filing of the petition and prior to the confirmation of the arrangement shall be paid in cash in full upon confirmation, except that the time of payment of all or any part of such debts may be extended by agreement with the creditors to whom such debts are due, and such extended debts shall, when due, have priority in payment over the debts affected by this arrangement.

ARTICLE V

PROVISIONS FOR RETENTION OF JURISDICTION

BY THE COURT

The court shall retain jurisdiction until the deposit and distribution of the notes provided for in Article I hereof and the completion of the placement of the second and third mortgage hereinabove referred to on the public records.

ARTICLE V

GENERAL PROVISIONS

The costs and expenses of the proceedings, including allowable expenses of the committee of creditors and administration expenses, are to be paid in cash in full upon confirmation, or are to be paid in accordance with such agreement as may be made between the debtor and any person entitled to be paid such costs and expenses.

Debtor agrees to accept recommendations of the Creditors' Committee for accelerated payments on the

aforesaid non-negotiable certificates of indebtedness in the event the Creditors' Committee determines that the business is in a position to make such payments from time to time during the term of the plan.

GOLDEN ENTERPRISES, INC.

By: (s) Thomas D. Golden

President of said Corporation

Debtor

NOTE A

REAL ESTATE PLAN

Golden Enterprises, Inc. owns real estate with an MAI appraised value in its completed condition of $2.2 million. First mortgages against the property total approximately $1.2 million. At the present time, there is a second mortgage on all property due February, 1974, in the amount of $250,000.00. First-Citizens Bank and Trust Company has a third mortgage in the original amount of $200,000.00.

One of the essential parts of the plan of reorganization is the completion of real estate owned by Golden Enterprises, Inc. and the placement of a third mortgage in favor of all creditors against all real estate in its completed condition. This will be accomplished by the following steps: Golden Enterprises, Inc. owns property which is located on Tate Boulevard in Hickory, North Carolina. There is presently a completed building containing approximately 90,000 square feet and

a building containing approximately 45,000 square feet which is 60% completed. Shelby Savings and Loan Association, a lending institution, has committed $755,000.00 for this project. The sum of $300,000.00 has been used to pay off the 90,000 square foot building. Shelby Savings and Loan Association is holding $455,000.00 which has been committed as follows:

(1) $70,000.00 to pay off a purchase money note and deed of trust on a portion of the property which is due January, 1974.

(2) $250,000.00 to pay off a construction loan at First-Citizens Bank and Trust Company when the second building is completed.

(3) $135,000.00 remaining is to be applied toward the bills of the contractor and the subcontractors.

Because of the increased building costs, as well as work done by the contractors and subcontractors at the Golden Enterprises, Inc.'s shopping center on Fourth Street, S. W., this $135,000.00 is insufficient to pay the

general contractor and all of the subcontractors. The total amount needed to complete the real estate is $245,000.00, leaving the company $110,000.00 short.

Arrangements have been made at First-Citizens Bank and Trust Company, Hickory, North Carolina, to borrow the $110,000.00. This is to be accomplished as follows: First-Citizens Bank and Trust Company will assume the present $250,000.00 second mortgage. It will give to the company a sum not to exceed $110,000.00 to complete the real estate. It will cancel its third mortgage and place the $100,000.00 owed to First-Citizens Bank and Trust Company in with the mortgage so as to have one second mortgage in the original amount of $460,000.00 placed against all of the real estate of Golden Enterprises, Inc.

NOTE "B"

GOLDEN ENTERPRISES, INC.

Cash Projection Commercial Real Estate

Ten Years

	First Year	Second Year	Third Year
CASH PROVIDED BY:			
Gross Rents			
Under present leases	$225,742.30	$225,742.30	$225,742.30
Renewed leases - increases	-	-	-
Total cash provided	$225,742.30	$225,742.30	$225,742.30
CASH APPLIED AGAINST DEBT PAYMENT			
First Mortgages			
First National Bank	$ 11,560.80	$ 11,560.80	$ 11,560.80

Shelby Savings & Loan Assoc.	31,645.08	31,645.08	31,645.08
Shelby Savings & Loan Assoc.	97,359.24	97,359.24	97,359.24
Fidelity Federal Savings & Loan Assoc.	30,402.24	30,402.24	30,402.24
Second Mortgages			
First-Citizens Bank & Trust Co.	44,000.00	44,000.00	44,000.00
Total cash applied against debt	$214,967.36	$214,967.36	$214,967.36
EXCESS CASH FLOW AVAILABLE FOR OPERATING EXPENSES AND INCOME TAXES	$ 10,774.94	$ 10,774.94	$ 10,774.94
ESTIMATED OPERATING EXPENSES AND INCOME TAXES:			
Insurance	$ 1,300.00	$ 1,800.00	$ 1,800.00
Repairs	3,800.00	4,000.00	4,050.00
Property Taxes	4,800.00	6,000.00	6,000.00
Income Taxes	-	-	-
Total estimated operating expenses and taxes	$ 9,900.00	$ 11,800.00	$ 11,800.00
EXCESS CASH FLOW	$ 874.94	$(1,025.06)	$(1,025.06)

	Fourth Year	Fifth Year	Sixth Year
CASH PROVIDED BY:			
Gross Rents			
Under present leases	$225,742.30	$225,742.30	$225,742.30
Renewed leases - increases	2,834.00	4,644.50	4,644.50
Total cash provided	$228,576.30	$230,386.80	$230,386.80
CASH APPLIED AGAINST DEBT PAYMENT			
First Mortgages			
First National Bank	$ 11,560.80	$ 11,560.80	$ 10,597.40
Shelby Savings & Loan Assoc.	31,645.08	31,645.08	31,645.08
Shelby Savings & Loan Assoc.	97,359.24	97,359.24	97,359.24
Fidelity Federal Savings & Loan Assoc.	30,402.24	30,402.24	30,402.24
Second Mortgages			
First-Citizens Bank & Trust Co.	44,000.00	44,000.00	44,000.00
Total cash applied against debt	$214,967.36	$214,967.36	$214 .96
EXCESS CASH FLOW AVAILABLE FOR OPERATING EXPENSES AND INCOME TAXES	$ 13,608.94	$ 15,419.44	$ 16,382.84
ESTIMATED OPERATING EXPENSES AND INCOME TAXES:			
Insurance	$ 2,000.00	$ 2,200.00	$ 2,200.00
Repairs	4,200.00	4,400.00	4,400.00
Property Taxes	6,300.00	6,600.00	6,600.00
Income Taxes	-	-	-
Total estimated operating expenses and taxes	$ 12,500.00	$ 13,200.00	$ 13,200.00

EXCESS CASH FLOW	$ 1,108.94	$ 2,219.44	$ 3,182.84

	Seventh Year	Eighth Year	Ninth Year
CASH PROVIDED BY:			
Gross Rents			
Under present leases	$225,742.30	$225,742.30	$225,742.30
Renewed leases - increases	4,644.50	4,644.50	4,644.50
Total cash provided	$ 230,386.80	$230,386.80	$230,386.80
CASH APPLIED AGAINST DEBT PAYMENT			
First Mortgages			
First National Bank	$ -	$ -	$ -
Shelby Savings & Loan Assoc.	31,645.08	31,645.08	31,645.08
Shelby Savings & Loan Assoc.	97,359.24	97,359.24	97,359.24
Fidelity Federal Savings & Loan Assoc.	30,402.24	30,402.24	30,402.24
Second Mortgages			

First-Citizens Bank & Trust Co.	44,000.00	44,000.00	44,000.00
Total cash applied against debt	$203,406.56	$203,406.56	$203,406.56
EXCESS CASH FLOW AVAILABLE FOR OPERATING EXPENSES AND INCOME TAXES	$ 26,980.24	$ 26,980.24	$ 26,980.24
ESTIMATED OPERATING EXPENSES AND INCOME TAXES:			
Insurance	$ 2,400.00	$ 2,400.00	$ 2,600.00
Repairs	4,600.00	4,600.00	4,800.00
Property Taxes	6,800.00	6,800.00	7,000.00
Income Taxes	*	*	*
Total estimated operating expenses and taxes	$13,800.00	$ 13,800.00	$ 14,400.00

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EXCESS CASH FLOW	$ 13,180.24	$ 13,180.24	$ 12,580.24

190a

	Tenth Year
CASH PROVIDED BY:	
Gross Rents	
Under present leases	$225,742.30
Renewed leases - increases	4,644.50
Total cash provided	$230,386.80
CASH APPLIED AGAINST DEBT PAYMENT	
First Mortgages	
First National Bank	-
Shelby Savings & Loan Assoc.	$ 31,645.08
Shelby Savings & Loan Assoc.	97,359.24
Fidelity Federal Savings & Loan Assoc.	30,402.24
Second Mortgages	
First-Citizens Bank & Trust Co.	44,000.00
Total cash applied against debt	$203,406.56
EXCESS CASH FLOW AVAILABLE FOR OPERATING EXPENSES AND INCOME TAXES	$ 26,980.24
ESTIMATED OPERATING EXPENSES AND INCOME TAXES:	
Insurance	$ 2,600.00
Repairs	4,800.00
Property Taxes	7,000.00
Income Taxes	*
Total estimated operating expenses and taxes	$ 14,400.00

191a

192a

EXCESS CASH FLOW	$ 12,580.24

* Existing operating loss carry-overs will expire during the seventh year, and estimated income tax liabilities beyond the seventh year are unknown.

193a

GOLDEN ENTERPRISES, INC.

Schedule of Equity In Rental Property By Years

	Fair Market Value	Mortgage Balance	Equity
First year	$ 2,271,000.00	$ 1,710,250.00	$ 560,750.00
Second year	2,385,000.00	1,652,182.00	732,818.00
Third Year	2,504,250.00	1,589,518.00	914,732.00
Fourth Year	2,629,463.00	1,520,888.00	1,108,575.00
Fifth Year	2,760,936.00	1,445,541.00	1,315,395.00
Sixth Year	2,898,982.00	1,362,891.00	1,536,091.00
Seventh Year	3,043,932.00	1,272,222.00	1,771,710.00
Eighth Year	3,196,128.00	1,173,722.00	2,022,406.00
Ninth Year	3,355,935.00	1,076,656.00	2,279,279.00
Tenth Year	3,523,732.00	924,759.00	2,598,973.00

194a

UNITED STATES DISTRICT COURT FOR THE WESTERN DISTRICT OF NORTH CAROLINA-STATESVILLE DIVISION

(Caption omitted in printing)

ORDER

THIS CAUSE coming on to be heard and being heard before the Honorable Joseph R. Cruciani, Bankruptcy Judge, at Charlotte, North Carolina, on April 17, 1974, upon the Motion of William E. Butner, Robert L. McKaughn, Jr., and Jack Sipe Construction Company relating to the terms of the secondary deed of trust on property of Golden Enterprises, Inc. to secure the debt to the movants in the approximate sum of $360,000.00;

And it appearing that the excess cash flow is incapable of amortizing the $360,000.00 debt over a 15-year period at the present time;

And it further appearing that when Phase II is leased for approximately $1.25 per square foot per annum, there will be sufficient cash flow to pay interest as it accrues;

And it further appearing that movants have agreed

not to attempt to foreclose said deed of trust without approval of the Court;

IT IS, THEREFORE, ORDERED, ADJUDGED AND DECREED as follows:

(1) That the note and deed of trust from Golden Enterprises, Inc. to William E. Butner, Robert L. McKaughn, Jr., and Jack Sipe Construction Company shall be in the original amount of $360,000.00 and shall be due on demand and shall bear interest at the rate of 10% per annum until paid in full.

(2) That any attempt to amend the amount of the note and deed of trust shall be by motion before this Court and upon notice to all parties claiming an interest in Golden Enterprises, Inc.'s real estate.

(3) That the holders of the note or any assignee thereof shall not attempt to file a petition to reclaim or to foreclose except upon motion to this Court setting forth the reasons therefor.

This the 17th day of April, 1974.

/s/ Joseph R.Cruciani

Bankruptcy Judge

PROOF OF CLAIM FOR INTERNAL REVENUE TAXES

BANKRUPTCY ACT PROCEEDINGS

IN THE DISTRICT COURT

FOR THE WESTERN DISTRICT OF N. C.

(Caption omitted in printing)

CLAIM OF THE UNITED STATES

FOR INTERNAL REVENUE TAXES

TAXPAYER's IDENTIFYING NUMBER:

Social Security No. _____

Employer Identification No. 56-0929458

The undersigned officer of the Internal Revenue Service, a duly authorized agent of the United States in this behalf, declares that:

1. The debtor is justly and truly indebted to the United States in the sum of $47,504.38.

2. The said debt is for taxes due under the internal revenue laws of the United States as follows:

A. LIEN CLAIMS (Notice of Federal Tax Lien filed prior to Bankruptcy Petition date)

KIND OF TAX	PERIOD	AMOUNT DUE	REMARKS	DATE NOTICE OF TAX LIEN FILED
				5/21/73

B. PRIORITY CLAIMS

KIND OF TAX	PERIOD	AMOUNT DUE	REMARKS	DATE TAX ASSESSED
WT-FICA	3/31/73	$ 39,390.90		6/4/73
Interest to 5/4/73		26.26		
FUTA	12/31/72	2,601.10		6/26/73
Interest to 5/4/73		40.32		
FUTA	1/1/73 thru 5/4/73	5,445.80		
		Total $47,504.38		

C. UNSECURED CLAIMS

KIND OF TAX	PERIOD	AMOUNT DUE	REMARKS	DATE TAX ASSESSED

NOTE: This amends and replaces proof of claim filed July 12, 1973, and reflects a decrease in tax liability due to credits being applied to the 6/30/73 941 account.

3. No part of said debt has been paid and it is now due and payable at the Office of the District Director of Internal Revenue;

4. There are no set-offs or counterclaims to said debt;

5. Except for the tax liens protected by notices of lien filed on the date above, the United States does not hold, to my knowledge or belief, any security or securities for said debt;

6. No note or other negotiable instrument has been received for said debt or any part thereof, nor has any judgment been rendered with respect to said debt; and

7. Said debt is to be paid to the extent provided by law. See sections 17, 64, 77e, 199, 337(2), 455, and 659 of the Bankruptcy Act (11 U.S.C. 35, 104, 205(c), 599, 737(2), 855 and 1059).

/a/ Albert Bunton

February 4, 1974

Chief, Special Procedures Staff

Address

Internal Revenue Service

P. O. Box 20541

Greensboro, North Carolina 27420

UNITED STATES DISTRICT COURT FOR THE WESTERN DISTRICT OF NORTH CAROLINA-STATESVILLE DIVISION

(Caption omitted in printing)

MOTION

JAMES M. GAITHER, JR., attorney for Golden Enterprises, Inc., makes the following Motion unto the Court:

That Golden Enterprises, Inc. is out of business and has no income other than rental income; that Golden Enterprises, Inc. has only one employee still on the payroll; that mortgage and interest payments are presently in arrears in varying amounts; that several secured parties including Shelby Savings and Loan Association, Jack Sipe Construction Company, William E. Butner and Robert L. McKaughn, Jr., as well as the Creditors' Committee, have requested that the income derived from rentals, as well as the books and records of the company with regard to its real estate, be placed in the hands of a court-appointed individual with directions to

collect the rents, make all mortgage payments, pay taxes, insurance, and repairs and accumulate excess cash flow for the benefit of secondary lienholders and the unsecured creditors.

WHEREFORE, James M. Gaither, Jr. moves the Court for an Order appointing a named individual to function as agent in collecting rental income of Golden Enterprises, Inc. and applying the funds to those debts approved for payment by this Court.

This the 17th day of April, 1974.

/s/ James M. Gaither, Jr.

UNITED STATES DISTRICT COURT FOR THE WESTERN DISTRICT OF NORTH CAROLINA-STATESVILLE DIVISION

(Caption omitted in printing)

ORDER

THIS CAUSE coming on to be heard and being heard before the Honorable Joseph R. Cruciani, Bankruptcy Judge, at Charlotte, North Carolina, on April 17,1974, upon Motion by James M. Gaither, Jr., attorney for debtor, to appoint an individual to act for the Court and the debtor in the collection and application of rental income of debtor;

And it appearing that it is in the best interest of debtor and all creditors to appoint an agent to collect rents and to apply the proceeds under the supervision of the Court;

IT IS, THEREFORE, ORDERED, ADJUDGED AND DECREED as follows:

(1) That SIMON JOSEPH GOLDEN is hereby appointed by this Court to receive all income derived from debt-

or's real estate and that Golden Enterprises, Inc. is directed to turn over all real estate monies on hand to SIMON JOSEPH GOLDEN immediately following the signing of this Order, and the filing with this court of a $40,000.00 bond.

(2) That SIMON JOSEPH GOLDEN (hereinafter called agent) shall promptly deposit all monies received in a separate agency account in First Citizens Bank & Trust, notify all tenants where rents are to be sent and a ledger card is to be maintained on each tenant.

(3) That agent shall apply income received to the following debts of the corporation:

1. Federal and State Income Tax, if any,

2. Monthly mortgage payments to First National Bank of Catawba County, Fidelity Federal Savings and Loan Association, and Shelby Savings and Loan Association (two loans),

3. Ad valorem property taxes,

4. Fire insurance premiums, and

5. Interest and principal on secondary mortgages.

(4) That agent shall file a monthly report with the Court with copies to Golden Enterprises, Inc., the Creditor's Committee, Commercial Credit Business Loans, Inc., and second mortgage holders showing all receipts and expenditures and accumulations.

(5) That as compensation, agent shall receive the sum of -0- per month.

This the 18th day of April, 1974.

/s/ Joseph R. Cruciani

Bankruptcy Judge

IN THE DISTRICT COURT OF THE UNITED STATES

FOR THE WESTERN DISTRICT OF NORTH CAROLINA

STATESVILLE DIVISION

(Caption omitted in printing)

APPLICATION FOR FEES AND EXPENSES

Now comes James M. Gaither, Jr., attorney for the debtor, and continues his Application for Fees and Expenses in the matter of Golden Enterprises, Inc. by stating that he has done the following matters and things in his capacity as attorney for the debtor from December 18, 1973, through May 20, 1974:

Date	Description	Number of Hours
12/18/73	Drafting letter regarding American Iwer Corporation's lien	1/2
	Conference regarding lien of American Iwer Corporation	1/6
	Drafting Subordination Agreement between William E. Butner and Robert L. McKaughn, Jr. and Golden Enterprises, Inc. for the Superior Continental Lease Agreement; related conferences with Lester Key	2-1/2
12/27/73	Drafting letter regarding Crestline Division of Federal Steel Corporation and its Proof of Claim	1/2
12/28/73	Drafting letter to Thomas D. Golden regarding loan from William E. Butner and Robert L. McKaughn, Jr.	1/6
12/28/73- 1/01/74	Conferences with Commercial Credit Business Loans, Inc. regarding proceeds of Christmas sales and Smith Enterprises, Inc.'s commissions	7
	Conferences with Commercial Credit Business Loans, Inc. and Matshushita Electric Corporation of America regarding Panasonic's claim; attending hearings regarding the claim of Matshushita Electric Corporation of America	6

1/04/74	Drafting letter to G. Dean Whisnant, Shelby Savings and Loan Association	1/6
1/08/74	Drafting letter to Creditors' Committee regarding financing for Golden Enterprises, Inc.	1/2
1/08/74	Conference with Eric Jorgensen, Internal Revenue Service	1
1/10/74	Conferences with C. B. Cash, Attorney for Shelby Savings and Loan Association, and the purchase money mortgage holders regarding advancing payment of $70,000.00	2-1/2
1/11/74	Drafting Order regarding disbursement of monies by Shelby Savings and Loan Association	3/4
1/14/74	Drafting Reply to Application of Matshushita Electric Corporation of America for Further Relief	1/2
1/15/74	Attending show cause hearing	3

1/16/74	Drafting letter to Golden Enterprises, Inc.	1/6
1/16/74	Conference with Thomas D. Golden regarding Shelby Savings and Loan Association's financing	2
1/17/74	Research regarding deposit under proposed Plan of Arrangement	1
1/18/74	Drafting letter to Arthur I. Winard regarding amending the Plan of Arrangement	3/4
1/23/74	Conference in Bankruptcy Court	1/2
1/24/74	Conference with Bankruptcy Court regarding filing of schedules	1/2
	Drafting Motion regarding amending Plan of Arrangement to complete debtor's real estate	2
	Research	2
1/29/74	Conference with Golden Enterprises, Inc.	2

1/30/74	Conference regarding claim of Matshushita Electric Corporation of America	1-1/2
	Searching public records in the offices of the Clerk of Court, Register of Deeds and Tax Collectors for the City of Hickory and County of Catawba	1
	Conferences with general contractors, subcontractors, William E. Butner, and Robert L. McKaughn, Jr. regarding completion of Golden Enterprises, Inc.'s real estate (during the months of January and February)	15
2/05/74	Conferences with Golden Enterprises, Inc. regarding closing of stores	2
2/06/74	Conferences with Golden Enterprises, Inc. and Creditors' Committee regarding completion of real estate	2
2/07/74	Letter to Joan Harris regarding schedules	1/2

2/08/74	Conference with Golden Enterprises, Inc. regarding Commercial Credit Business Loans, Inc.	1-1/2
2/11/74	Conference with Golden Enterprises, Inc. regarding letter from Creditors' Committee pertaining to inventory of debtor	1-1/2
2/12/74	Conference with insurance agent	1
2/12/74	Drafting Statement of Affairs	2-1/2
2/12/74	Assembling information and drafting Statement of Executory Contracts	2-1/2
2/14/74	Drafting Motion and Order continuing the date of confirmation hearing	1-1/2
2/14/74	Drafting Motion and Order to substitute the second mortgage holders	2
2/14/74	Hearing regarding Golden Enterprises, Inc.	4
2/28/74	Letters to Internal Revenue Service regarding tax claims; letters to Creditors' Committee	2

2/01/74- 2/28/74	Conferences with Jack Sipe, W. George Huffman and Shelby Savings and Loan Association regarding completion of real estate	5-1/2
	Conferences with William E. Butner and Robert L. McKaughn, Jr.	2
	Conference with Commercial Credit Business Loans, Inc.	1
	Conferences with Golden Enterprises, Inc.	5
	Conferences with First-Citizens Bank and Trust Company and E. Murray Tate, Jr.	1-1/2
	Conference with Camp Enterprises, regarding offer on purchase of inventory	2
3/05/74	Drafting letter to Joseph H. Frier, Jr.	1/2
3/08/74	Conference with J. Carroll Abernethy, Jr.	3/4

3/07/74	Drafting Disbursement Order	2
3/07/74	Drafting letter to Joseph H. Frier, Jr.	1/2
3/08/74	Drafting letter to Joseph H. Frier, Jr.	1/2
3/08/74	Drafting letter to J. S. Meares, First-Citizens Bank and Trust Company	1/6
3/08/74	Drafting letter to R. G. Sipe	1/6
3/08/74	Conference with Golden Enterprises, Inc.	1
3/11/74- 3/15/74	Conferences with Richard Woodbury regarding lease of Phase II property on Tate Boulevard; drafting lease requirements	2-1/2
3/12/74	Drafting letter to Arthur I. Winard	1/2
3/12/74	Drafting letters to creditors	1/2
3/12/74	Drafting report and letter to Bankruptcy Court	1
3/12/74	Drafting letter to C. B. Cash, Jr., attorney for Shelby Savings and Loan Association	1/6

3/13/74	Conferences and research regarding Internal Revenue Service tax claims	2
3/14/74	Drafting letters to creditors	3/4
3/18/74-3/22/74	Conferences with Golden Enterprises, Inc. regarding offers to purchase inventory	3-1/2
3/25/74	Drafting Application and Order to Stay Suits	1-1/2
3/25/74	Conference regarding sale of inventory	1
3/26/74	Drafting letter to Joseph H. Frier, Jr.	1/6
4/01/74	Conference with Golden Enterprises, Inc. regarding offers to purchase inventory	1-1/2
4/03/74	Conference regarding rent for store	1/2
4/04/74	Drafting letter to creditor	1/6
4/05/74	Research and conference regarding offers to purchase inventory	2-1/2
4/06/74	Reviewing letter from Golden Enterprises, Inc.	1/2

4/11/74	Reviewing letter from California creditor	1/2
4/15/74-4/19/74	Conferences with Gordon Bros., Inc.	2
4/15/74-4/19/74	Conferences with Golden Enterprises, Inc., Commercial Credit Business Loans, Inc., Gordon Bros., Inc., and Silverman Sales Enterprises, Inc.	25
4/16/74	Drafting Motion and Order Appointing Attorneys for Creditors' Committee	1/2
4/17/74	Drafting Application to Sell Real Estate	1/2
4/17/74	Drafting Motion and Order for Shelby Savings and Loan Association	1-1/2
4/17/74	Drafting Motion and Order regarding terms of second mortgage	1-1/2
4/17/74	Hearing in Charlotte, North Carolina	4
4/17/74	Drafting Motion and Order to appoint agent to collect and disburse rental income	1/2

4/18/74	Letters to creditors	1/2
4/18/74	Conference with Bankruptcy Court	1/2
4/19/74	Drafting letter to Marine Midland Leasing Corporation and conference with Marine Midland Leasing Corporation	1/2
4/21/74	Negotiation of contract between Golden Enterprises, Inc. and Silverman Sales Enterprises, Inc. held in Charlotte, North Carolina	10
4/22/74	Trip to Charlotte, North Carolina, regarding sale of inventory	6
4/22/74	Drafting Order to Sell Real Estate	1/2
4/22/74	Conference with Morris Macey	1
4/24/74-4/26/74	Drafting Order to file application to sell property free and clear of liens and to file adversary proceeding and appropriate Orders; drafting Complaint	5
4/29/74	Drafting letter to Manning Silverman	

	regarding Order approving sale of inventory to Silverman Sales Enterprises, Inc.	1
4/29/74	Drafting letter to Commercial Credit Business Loans, Inc; conference with Commercial Credit Business Loans, Inc.	1
4/29/74	Drafting letter to First-Citizens Bank and Trust Company; conference with First-Citizens Bank and Trust Company	1/2
4/29/74	Drafting letter to Shelby Savings and Loan Association; conference with Shelby Savings and Loan Association	1/2
4/29/74	Conference with Joseph H. Frier, Jr.	1/4
5/06/74-5/10/74	Conferences regarding adversary proceeding and research on adversary proceeding	5
5/09/74	Drafting letters to Harold Dennis; conferences with Harold Dennis	3

5/09/74	Conference with Joe Golden	1-1/2
5/10/74	Conference with Joe Golden	1/2
5/13/74-	Conference with Internal Revenue	
5/17/74	Service	1-1/2
5/13/74-	Conference with Marine Midland	
5/17/74	Leasing Corporation	1/2
5/13/74-	Conferences with Manning Silverman	
5/17/74	and Harold Dennis relative to sale of	
	inventory of Golden Enterprises, Inc.	4
5/13/74-	Conferences with Creditors' Commit-	
5/17/74	tee regarding making it a party to	
	Complaint in adversary proceeding;	
	filing Affidavit and Motion in ad-	
	versary proceeding	1-1/2
5/13/74-	Conferences with Shelby Savings	
5/17/74	and Loan Association regarding com-	
	pletion of real estate	4
5/13/74-	Conferences with W. George	
5/17/74	Huffman	1-1/2

5/13/74-	Conferences with First-Citizens	
5/17/74	Bank and Trust Company and Joe	
	Golden regarding changing bank	
	account	1
5/13/74	Hearing on adversary proceeding	3
5/15/74	Drafting Application and Order ex-	
	tending time for filing Application	
	for Fees and Expenses	1/2
5/15/74	Drafting Notice of May 29, 1974,	
	hearing (secretarial time address-	
	ing envelopes and preparing for	
	mailing - 8 hours)	1/2
5/16/74	Conference with Bankruptcy Office	1
5/20/74	Drafting letters and Certificate of	
	Mailing	1/4
5/20/74	Drafting letter to Charles S. Powell,	
	State of California Employment De-	
	velopment Department	1/2
5/20/74	Drafting Amendment to Complaint	
	filed in the adversary proceeding	1/2

During the months of March, April and May, 1974, the attorney for the debtor had to do the following to allow the substitution of the second mortgage holders and completion of the real estate of Golden Enterprises, Inc.:

Description	Number of Hours
Draft legal opinion relative to the rights of Shelby Savings and Loan Association	8-1/2
Examination of public records in the offices of the Clerk of Court, Register of Deeds and Tax Collectors for the City of Hickory and County of Catawba; drafting Certificate of Title	12
Obtaining title insurance	4
Conference with First-Citizens Bank and Trust Company	1-1/2
Conference with Board of Directors of Shelby Savings and Loan Association	3
Drafting Assignment of Lease Agreements between Golden Enterprises, Inc. and Superior Continental Corporation and Golden Enterprises, Inc. and William E. Butner, Robert L. McKaughn, Jr., and Jack Sipe Construction Company	1/2
Drafting Lease Agreement on Phase II of Tate Boulevard property between Golden Enterprises, Inc. and William E. Butner, Robert L. McKaughn, Jr., and Jack Sipe Construction Company	1-1/2
Conferences with R. G. Sipe, William E. Butner, and Robert L. McKaughn, Jr. regarding the Lease Agreement for Phase II of the Tate Boulevard property	4
Conferences with R. G. Sipe, William E. Butner, and Robert L. McKaughn, Jr. regarding rights to cash flow and principal	5
Conferences with R. G. Sipe, William E. Butner, and Robert L. McKaughn, Jr. regarding terms of the second deed of trust	5

Total hours through May 20, 1974		256-1/2
Total hours (Schedule A)		150
TOTAL HOURS		406-1/2
Total expenses advanced (Schedule B)	$	828.32
Total expenses to be advanced (Schedule C)		405.00
TOTAL EXPENSES	$	1,233.32

WHEREFORE, James M. Gaither, Jr., attorney for the debtor, prays the Court that he have and recover attorney fees in the amount of THIRTY-TWO THOUSAND ONE HUNDRED TWENTY-FIVE and 00/100 ($32,125.00) DOLLARS [based on the rate of Fifty ($50.00) Dollars per hour] and ONE THOUSAND SIX and 81/100 ($1,006.81) DOLLARS in expenses advanced from the Application filed in December, 1973, and that he have and recover attorney fees in the amount of TWENTY THOUSAND THREE HUNDRED TWENTY-FIVE and 00/100 ($20,325.00) DOLLARS [based on the rate of Fifty ($50.00) Dollars per hour] and ONE THOUSAND TWO HUNDRED

THIRTY-THREE and 32/100 ($1,233.32) DOLLARS in expenses from this Application for Fees and Expenses.

This the 27th day of May, 1974.

/s/ James M. Gaither, Jr.

Attorney for Debtor

Post Office Box 2323

Hickory, North Carolina 28601

SCHEDULE A

The attorney for the debtor estimates that he will need to allow approximately 150 hours for the following matters:

(1) Drafting Order for Appointment of Disbursement Agent

(2) Trial and negotiations on Complaint filed in the adversary proceeding

(3) Conferences with Internal Revenue Service and related taxing authorities relative to tax claims

(4) Adversary proceeding to sell shopping center and warehouse

(5) Drafting second mortgage on real estate and negotiations related thereto

(6) Conferences and drafting amendments to Plan of Arrangement necessary for confirmation

SCHEDULE B

Expenses Advanced

Date		Amount
5/04/73 - 5/17/74	Travel expenses*	$ 391.20
12/15/73 - 5/17/74	Xerox copies	124.50
11/16/73 - 5/17/74	Long-distance telephone calls	286.81
5/14/74	Register of Deeds for Catawba County for recording fees	10.00
5/15/74	Quick Copies of Hickory for copies of Notice of Hearing on Applications for Fees and Expenses on May 29, 1974	13.52

5/15/74	Carolina Office Equipment Company for labels for envelopes for Notice of Hearing on Applications for Fees and Expenses on May 29, 1974	2.29
		$ 828.32

* 25 trips to Charlotte, North Carolina (110 miles at $ .12 per mile)

6 trips to Shelby, North Carolina (85 miles at $ .12 per mile)

SCHEDULE C

Estimated Expenses to be Advanced

The attorney for the debtor estimates that he will need to advance the following amounts of money between the date of filing the Application for Fees and Expenses and the date of confirmation of the Plan of Arrangement:

Description	Amount
Travel expenses	$ 80.00
Xerox copies	50.00
Long-distance telephone calls	50.00
Quick Copies of Hickory for copies of Amended Plan of Arrangement, Consent, and Letters	225.00
Total Estimated Expenses to be Advanced	$405.00

IN THE UNITED STATES DISTRICT COURT

FOR THE WESTERN DISTRICT OF

NORTH CAROLINA

STATESVILLE DIVISION

(Caption omitted in printing)

DISBURSEMENT ORDER

THIS CAUSE coming on to be heard and being heard before the Honorable Joseph R. Cruciani, Bankruptcy Judge, in chambers and without notice to creditors, and it appearing to the Court that a Motion has been filed to amend the Amended Plan of Arrangement to substitute the contractor and the second mortgage holders in place of First-Citizens Bank and Trust Company which has withdrawn its support from the original Plan of Arrangement; and it further appearing that an Order has been entered amending the Amended Plan of Arrangement to provide for the completion of debtor's real estate located on Tate Boulevard in Hickory, North Carolina; and it further appearing to the Court that

the secured creditors involved in the real estate completion have consented to the Motion filed on February 14, 1974; and it further appearing that this Court on February 14, 1974, instructed debtor to prepare a Consent Order of Disbursement based on the allegations in the Motion filed on February 14, 1974; and it further appearing that all interested parties have consented to this Disbursement Order for the purpose of allowing the contractors to begin completion of construction.

IT IS, THEREFORE, ORDERED, ADJUDGED AND DECREED as follows:

(1) Jack Sipe Construction Company and its subcontractors are hereby authorized to begin completion of construction of Phase II of Golden Enterprises, Inc.'s real estate located on Tate Boulevard in Hickory, North Carolina.

(2) Upon completion and prior to disbursement, Golden Enterprises, Inc. shall

furnish to Shelby Savings and Loan Association an architect's certificate of completion according to plans and specifications. The architect in this matter is Jack Kincaid of Newton, North Carolina.

(3) Following completion and furnishing of the certificate, Shelby Savings and Loan Association shall disburse the sum of approximately Three Hundred Ninety-Nine Thousand ($399,000.00) Dollars (the balance remaining on the loan commitment) as follows:

(a) Two Hundred Fifty Thousand ($250,000.00) Dollars plus accrued interest to First-Citizens Bank and Trust Company, Hickory, North Carolina, in full satisfaction of two construction loan

deeds of trust against the Phase II Property.

(b) One Thousand Nine Hundred Sixty-Four and 50/100 ($1,964.50) Dollars to Butner and Gaither, Attorneys at Law, for an attorney fee for the original title search for Seven Hundred Fifty-Five Thousand ($755,000.00) Dollar first mortgage.

(c) City and County ad valorem property taxes.

(d) Remainder to Jack Sipe Construction Company.

IT IS FURTHER ORDERED that following completion and disbursement by Shelby Savings and Loan Association that the amount paid to Jack Sipe Construction Company in paragraph (d) above be subtracted from the sum of Two Hundred Ten Thousand Seven Hundred Seventy-Five ($210,775.00) Dollars and this sum shall

be combined with the sum of Two Hundred Fifty Thousand ($250,000.00) Dollars presently owed by Golden Enterprises, Inc. to William E. Butner and Robert L. McKaughn, Jr., and a note and deed of trust shall be executed from Golden Enterprises, Inc. to Jack Sipe Construction Company, William E. Butner and Robert L. McKaughn, Jr. The terms of the mortgage shall be as follows: The note and deed of trust shall be for not more than the sum of Three Hundred Sixty Thousand ($360,000.00) Dollars unless so authorized by the Court and shall be amortizable over a period of fifteen (15) years at an interest rate to be determined by the Court prior to the placement of the second mortgage in favor of Jack Sipe Construction Company, William E. Butner and Robert L. McKaughn, Jr. on the public records.

IT IS FUTHER ORDERED that the debtor retain the services of a Certified Public Accountant or other individual approved by the Court for the purpose of

collecting rents and making disbursements to the first mortgage holders and the second mortgage holders following completion of the real estate.

This the 8th day of May, 1974.

/s/ Joseph R. Cruciani

Joseph R. Cruciani, Bankruptcy

Judge

We hereby consent to the foregoing Disbursement Order.

/s/William E. Butner (SEAL)

William E. Butner

/s/Robert L. McKaughn, Jr. (SEAL)

Robert L. McKaughn, Jr.

FIRST-CITIZENS BANK AND TRUST COMPANY

By: /s/J. S. Meares, SR. V.P.

SHELBY SAVINGS AND LOAN ASSOCIATION

By: /s/Lowery Austell, President

JACK SIPE CONSTRUCTION COMPANY

By: /s/R. G. Sipe, President

HENSON ELECTRIC COMPANY

By: /s/George L. Henson

MILLER & SMYRE PLUMBING & HEATING CO.

By: /s/Thomas D. Smyre

TAYLOR HEATING CO.,INC.

By: /s/Ronald M. Taylor, Jr.

MIDSTATE CONTRACTORS, INC.

By: /s/Kenneth L. Ferguson

CREDITORS'COMMITTEE

By: /s/George J. Salow (SEAL)

Chairman

by: /s/Goldman, Frier & Altesman(SEAL)

Co-Counsel to Creditors' Committee

By: /s/Arthur I. Winard (SEAL)

Co-Counsel to Creditors' Committee

IN THE DISTRICT COURT OF THE UNITED STATES

FOR THE WESTERN DISTRICT OF NORTH CAROLINA

STATESVILLE DIVISION

(Caption omitted in printing)

APPLICATION FOR FEES

Honorable Joseph R. Cruciani, Bankruptcy Judge:

We, hereby submit request for payment in the amount of $4,137.25 for services rendered in regard to Golden Enterprises, Inc. Our services rendered pertain to those services performed subsequent to date of Declaration of Bankruptcy and the date which the bankruptcy was ratified by the court and also services performed subsequent to ratification by the court.

All services performed are set forth in detail on the attached statement.

Very truly yours,

LAWING, ROWE & COMPANY

WJL/ab

Enclosure

GOLDEN ENTERPRISES, INC.

Post Office Box 3

Hickory, North Carolina 28601

STATEMENT OF SERVICES RENDERED:

6/29/73 Preparation of initial cash forecast on commercial real estate

13 hrs. at 20.00	$ 260.00
4-1/2 hrs. at 10.00	45.00
	$ 305.00

Assistance in bringing books up to date and preparation of unaudited balance sheets, statement of affairs and deficiency statements at May 4, 1973

79-1/2 hrs. at 20.00	$1,590.00
3 hrs. at 10.00	30.00
	1,620.00
Xerox copies	30.00
Telephone calls	1.00

	$ 1,956.00
Less amounts paid by company (11/26/73)	158.75
	$ 1,797.25

4/29/74 Preparation of second cash forecast for proposed refinancing of real estate and other services related thereto

10-1/2 hrs. at 25.00	$ 263.00
6 hrs. at 8.00	48.00
	$ 311.00

Preparation of Federal and state income tax returns for the year ended June 30, 1973 and assistance with bringing books up to date

1 hr. at 25.00	$ 25.00
134 hrs. at 14.00	1,904.00
5-1/2 hrs. at 10.00	55.00
5 hrs. at 8.00	40.00

	2,024.00	
Xerox copies	5.00	2,340.00
Total amount		$ 4,137.25

IN THE DISTRICT COURT OF THE UNITED STATES

FOR THE WESTERN DISTRICT OF NORTH CAROLINA

STATESVILLE DIVISION

(Caption omitted in printing)

SUPPLEMENT TO PETITION FOR ATTORNEY'S FEES FOR THE ATTORNEYS OF CREDITORS' COMMITTEE

TO THE HONORABLE JOSEPH R. CRUCIANI, Bankruptcy Judge:

J. Carroll Abernethy, Jr., one of the Attorneys for the Creditors' Committee respectfully shows unto the Court:

1. That the said J. Carroll Abernethy, Jr., attended the following meetings or hearings in the Bankruptcy Court at Charlotte, N. C., each of which took at least one-half day from the time he left his office until he returned to his office, and consisted of a round-trip of at least 100 miles. The hearings he attended were on the following dates:

June 13, 1973

June 26, 1973

September 25, 1973

October 10, 1973

October 25, 1973

January 15, 1974

February 14, 1974

April 17, 1974

2. In addition, on or about May 13, 1974 the said J. Carroll Abernethy, Jr. prepared for filing an Affidavit and Consent for the Creditors' Committee to be made party to the Adversary Proceeding presently before the Court.

3. In addition the said J. Carroll Abernethy, Jr. plans to be present for the hearing to be held in Charlotte, N. C. on May 29, 1974 and the hearing to be held July 31, 1974.

4. In addition to the above matters the said J. Carroll Abernethy, Jr. has had numerous conferences

with Mr. James M. Gaither, Jr., Attorney for the Bankrupt; First-Citizens Bank & Trust Company; Attorney George Huffman, who represents Jack Sipe Construction Company, with numerous creditors, both by telephone and correspondence and correspondence and telephone conversations with the other attorneys for the Creditors' Committee in New York, as well as correspondence and conversations with the Office of the Judge in Bankruptcy and with creditors.

In the opinion of the said J. Carroll Abernethy, Jr. there will be other hearings or meetings to be held which he will be obligated to attend and will have additional telephone conversations and correspondence with the other attorneys for the Creditors' Committee, the attorneys for the Bankruptcy creditors and the Court in the future.

Respectfully submitted, this 29th day of May, 1974.

/s/ J. Carroll Abernethy, Jr.
Attorney for the Creditors' Committee
P. O. Box 1492
Telephone # 322-1060
Hickory, North Carolina 28601

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GOLDEN ENTERPRISES, INC.

Statement of Cash Receipts and Disbursements

May 1 to May 31, 1974

Cash balance, beginning			$ 944.86
Cash receipts:			
5-01	CIT Financial Services	$ 487.50	
5-02	Beltone	538.87	
5-03	Superior Continental	8,816.66	
5-08	Iron Gate Restaurant	652.44	
5-13	Travels by Golden	325.00	
5-13	Customer Deposit	9.50	
5-29	Casa de Bonita Beauty Salon	538.42	11,368.39
Cash available			$ 12,313.25
Cash disbursements:			
5-03	First Security Company	$ 160.00	
5-03	Shelby Savings and Loan Association	2,637.09	
5-08	Shelby Savings and Loan Association	3,337.42	
5-08	Fidelity Federal Savings and Loan	2,533.52	
5-10	William E. Butner	2,000.00	
5-14	City of Hickory	13.06	
5-22	Duke Power Company	98.25	
5-29	City of Hickory	6.53	
5-31	Refund of Customer Deposit	9.50	
5-31	Bank Charges - Checks	9.65	10,805.02

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Cash balance, ending $ 1,508.23

To the best of my knowledge, the information furnished above is a true and correct statement.

/s/ Joe Golden, Agent

IN THE DISTRICT COURT OF THE UNITED STATES

FOR THE WESTERN DISTRICT OF NORTH CAROLINA

STATESVILLE DIVISION

(Caption omitted in printing)

APPLICATION FOR INTERIM ALLOWANCE OF

COMPENSATION AND REIMBURSEMENT OF

EXPENSES

To the Honorable Joseph R. Cruciani, United States Bankruptcy Judge:

The application of James M. Gaither, Jr., respectfully represents:

1. Your applicant is the attorney for Golden Enterprises, Inc., the above-named debtor.

2. Your applicant has performed his duties as attorney for the debtor on almost a full-time basis, with such duties requiring many eight-hour days, and on many days extending late into the night. The continued administration of this estate by your applicant will continue to require almost full-time attention to the

business of the debtor's estate over an extended period of time.

3. If your applicant must wait for payment of compensation for his services until this proceeding is finally terminated, it will work a hardship on him, as such proceeding may continue for a number of months.

4. Upon the basis of the services rendered by him, applicant seeks an allowance for interim compensation in the amount of Fifteen Thousand ($15,000.00) Dollars. Your applicant seeks the payment of such compensation to him as partial compensation for the administration of debtor's estate.

5. Attached hereto as Exhibits A and B are detailed statements of proper costs and expenses incurred in this proceeding by your applicant from May 4, 1973, the date of the filing of the petition under Chapter XI of the Bankruptcy Act, to the date of this application.

6. There will be sufficient monies available from the sale of inventory and real estate to pay the interim compensation to your applicant.

WHEREFORE, your applicant prays that he be allowed interim compensation from the estate of the debtor as a part of the costs and expenses of the administration thereof, in the amount stated above, or such other amount as the Court shall deem fair and reasonable; and that he be allowed and authorized reimbursement for proper costs and expenses incurred by him in this proceeding in the amount shown on the exhibits attached hereto.

This the 31st day of May, 1974.

/s/ James M. Gaither, Jr., Applicant

(Verification omitted in printing)

(Jurat omitted in printing)

IN THE DISTRICT COURT OF THE UNITED STATES

FOR THE WESTERN DISTRICT OF NORTH CAROLINA

STATESVILLE DIVISION

(Caption omitted in printing)

ORDER

THIS CAUSE coming on to be heard and being heard before the Honorable Joseph R. Cruciani, Bankruptcy Judge, upon the written Application for Fees and Expenses of James M. Gaither, Jr.; and it appearing to the Court that the reasonable value of services rendered by James M. Gaither, Jr. through the 17th day of July, 1974, is $34,443.75 and that the total of the expenses advanced by the firm of Butner and Gaither through the 17th day of July, 1974, is $2,240.13;

NOW, THEREFORE, IT IS ORDERED, ADJUDGED AND DECREED that James M. Gaither, Jr., attorney for the debtor, be and he is hereby allowed the sum of $34,443.75 as attorney fees and $2,240.13 for expenses advanced through the 17th day of July, 1974,

in the above-referred-to matter.

This the 11th day of June, 1974.

/s/ Joseph R. Cruciani

Bankruptcy Judge

GOLDEN ENTERPRISES, INC.

Statement of Cash Receipts and Disbursements

July 1 to July 31, 1974

Cash balance, beginning			$ 2,878.40
Cash receipts:			
7-03	Iron Gate Restaurant	$ 652.44	
7-03	CIT Financial Services	487.50	
7-05	Superior Continental	8,816.66	
7-09	Beltone	538.87	
*7-30	Joe Golden	894.11	
7-30	Travels By Golden	325.00	11,714.58
	Cash available		$ 14,592.98

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Cash disbursements:		
*7-03	North Carolina National Bank	$ 40.29
*7-03	Travels by Golden	230.91
7-05	Shelby Savings & Loan Association	2,637.09
7-05	William E. Butner	2,083.33
*7-09	Joel Reese	23.97
7-09	Fidelity Federal Savings & Loan	500.00
*7-09	Lawing, Rowe & Company, CPA's	65.35
7-09	Duke Power Company	90.69
7-18	City of Hickory	19.59
7-18	Central Telephone	6.00
7-18	Shelby Savings and Loan Association	3,426.95

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7-18	Fidelity Federal Savings & Loan	533.52	
7-25	Fidelity Federal Savings & Loan	2,533.52	
7-30	Frank Baker Insurance Agency		
	(Insur. on rental property)	582.25	$ 12,773.46
Cash balance, ending			$ 1,819.52

* Deposit of July 30, 1974 includes reimbursement of these items.

To the best of my knowledge, the information furnished above is a true and correct statement.

/s/ Joe Golden, Agent

IN THE DISTRICT COURT OF THE UNITED STATES

FOR THE WESTERN DISTRICT OF NORTH CAROLINA

STATESVILLE DIVISION

(Caption omitted in printing)

ORDER ALLOWING INTERIM COMPENSATION

AND REIMBURSEMENT OF EXPENSES

THIS CAUSE coming on to be heard and being heard before the Honorable Joseph R. Cruciani, Bankruptcy Judge, upon the written application of James M. Gaither, Jr., attorney for the debtor, for an interim compensation from the estate of the debtor as a part of the costs and expenses of administration thereof, in the amount of Fifteen Thousand ($15,000.00) Dollars, or such other amount as the Court shall deem fair and reasonable, and that he be allowed and authorized reimbursement for proper costs and expenses incurred by him in this proceeding in the amount shown on the exhibits filed with his application; and it appearing to the Court that the continued administration of

this estate by James M. Gaither, Jr. will continue to require almost full-time attention to the business of the debtor's estate over an extended period of time; and it further appearing to the Court that it will work a hardship on the attorney for the debtor if he must wait for payment of compensation for his services until this proceeding is finally terminated; and it further appearing to the Court that the attorney for the debtor seeks an allowance for interim compensation in the amount of Fifteen Thousand ($15,000.00) Dollars as partial compensation for the administration of debtor's estate; and it further appearing that the attorney for the debtor has filed Applications for Fees and Expenses showing detailed statements of proper costs and expenses incurred in this proceeding by him; and it further appearing to the Court that there will be sufficient monies available from the sale of inventory and real estate of the debtor to pay the interim compensation to James M. Gaither, Jr.

IT IS, THEREFORE, ORDERED, ADJUDGED AND DECREED that James M. Gaither, Jr., attorney for the debtor, be and he is hereby allowed the sum of $9,000.00 as interim compensation and the sum of -- for expenses advanced by him through May 28, 1974.

This the 22nd day of August, 1974.

/s/ Joseph R. Cruciani

Bankruptcy Judge

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GOLDEN ENTERPRISES, INC.

Statement of Cash Receipts and Disbursements

August 1, to August 31, 1974

Cash balance, beginning			$ 1,819.52
Cash receipts:			
8-02	Superior Continental	$ 8,816.66	
8-02	CIT Financial Services	487.50	
8-06	Beltone	538.87	
8-06	Iron Gate Restaurant	652.44	
8-06	Superior Continental	4,750.00	
8-09	U. S. Properties	1,474.20 - 2 month rent	
8-10	Casa De Bonita Beauty Salon	538.42	
	Travels By Golden	$ 325.00	$ 17,583.09
			$ 19,402.61
Cash disbursements:			
8-02	William E. Butner	$ 2,083.33	
8-02	Shelby Savings & Loan Association	2,637.09	
8-06	Fidelity Federal Savings & Loan	2,533.52	
8-06	Shelby Savings & Loan Association	8,113.27	
8-15	Central Telephone	6.00	
8-15	City of Hickory	19.59	
8-15	Duke Power Company	47.78	
8-26	Duke Power Company	83.91	$ 15,524.49
Cash balance, ending			$ 3,878.12

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To the best of my knowledge, the information furnished above is a true and correct statement.

/s/ Joe Golden, Agent

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GOLDEN ENTERPRISES, INC.

Statement of Cash Receipts and Disbursements

September 1 to September 30, 1974

Cash Balance, beginning			$ 3,878.12
Cash Receipts:			
9-03	Superior Continental	$ 8,816.66	
9-04	Beltone	538.87	
9-04	CIT Financial Services	487.50	
9-09	Superior Continental	4,750.00	
9-09	Casa De Bonita Beauty Salon	538.42	
9-12	Iron Gate Restaurant	652.44	$ 15,783.89
			$ 19,662.01

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Cash Disbursements:

9-03	Shelby Savings & Loan Association	$ 8,113.27	
9-09	Shelby Savings & Loan Association	2,637.09	
9-09	William E. Butner	2,083.33	
9-12	City of Hickory	13.66	
9-18	Duke Power Company	134.49	
9-18	Central Telephone Company	6.00	
9-18	City of Hickory	6.53	
9-18	William E. Butner	1,833.34	
9-23	Post Master	2.70	
9-26	Fidelity Federal Savings & Loan	2,533.52	
			$ 17,363.98
Cash Balance, ending			$ 2,298.08

To the best of my knowledge, the information furnished above is a true and correct statement.

/s/ Joe Golden, Agent

GOLDEN ENTERPRISES, INC.

Statement of Cash Receipts and Disbursements

October 1 to October 31, 1974

Cash Balance, beginning			$ 2,298.08
Cash Receipts:			
10-01	Butner and Gaither	$ 2,483.81	
10-03	CIT Financial Services	487.50	
10-03	Superior Continental	13,566.66	
10-03	Iron Gate Restaurant	652.44	
10-07	Casa De Bonita Beauty Salon	538.42	
10-14	Beltone	538.87	
10-17	Travels By Golden	325.00	$ 18,592.70

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Cash Disbursements:		
10-01	City of Hickory	$ 1,372.28
10-01	Catawba County	1,111.53
10-03	Hickory Post Master	5.00
10-04	Shelby Savings and Loan Association	2,637.09
10-04	Shelby Savings and Loan Association	8,113.27
10-04	Robert L. McKaughn	3,000.00
10-14	City of Hickory	20.74
10-14	Duke Power Company	103.18
10-16	Central Telephone Company	6.00

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10-25	City of Hickory	$ 16,377.09
	Cash Balance, ending	$ 4,513.69

To the best of my knowledge, the information furnished above is a true and correct statement.

Joe Golden, Agent

8.00

IN THE DISTRICT COURT OF THE UNITED STATES

FOR THE WESTERN DISTRICT OF NORTH CAROLINA

STATESVILLE DIVISION

(Caption omitted in printing)

AFFIDAVIT

JAMES M. GAITHER, JR., attorney for Golden Enterprises, Inc., makes the following Affidavit regarding the condition of Golden Enterprises, Inc. and for showing cause why Golden Enterprises, Inc. should not be adjudicated a straight bankruptcy:

(1) That Golden Enterprises, Inc. filed a Petition under Chapter XI of the Bankruptcy Act on May 4, 1973.

(2) That since the filing of the Petition, the following claims have been paid in full or in part or compromised through October 31, 1974:

Willie George Costner	$ 7,425.00
Buffeteria, Ltd.	3,500.00
First-Citizens Bank and Trust Company	330,000.00

Commercial Credit Business Loans, Inc.	377,573.09
Matsushita Electric Corporation	9,000.00
Marine Midland Leasing Corporation	108,000.00*
William Grooh	10,000.00
Contractors	96,000.00
Fidelity Federal Savings and Loan Association	45,000.00**
Shelby Saving and Loan Association	95,700.00**
Shelby Savings and Loan Association	46,800.00**
First National Bank of Catawba County	18,000.00**
Second mortgage holders	30,000.00***
1973 City and County ad valorem taxes	18,000.00
1974 City and County ad valorem taxes	6,000.00
Total	$ 1,200,998.09

* $67,000.00 of this amount remains due as an unsecured debt.

** This figure includes both principal and interest.

*** This figure includes interest only.

(3) That the balances of the mortgages of Golden Enterprises, Inc. are as follows:

Fidelity Federal Savings and Loan Association	$ 174,650.56*
Shelby Savings and Loan Association	740,926.56**
Shelby Savings and Loan Association	226,123.17**
First National Bank of Catawba County	51,301.04**
Second mortgage holders	360,000.00**
Total	$ 1,553.001.33

* Balance as of September 27, 1974

** Balance as of October 31, 1974

(4) That there have been no employees of Golden Enterprises, Inc. earning salaries since early in the year 1974, and no salaries have been paid since that time. Mr. Joe Golden has acted as a non-

paid employee or agent since August 1974 for the purpose of collecting and applying rents.

(5) That no attorney fees have been paid to date except $9,000.00 which was paid to James M. Gaither, Jr. in October 1974 and $1,950.00 which was paid to James M. Gaither, Jr. in July 1974 by Shelby Savings and Loan Association for a bill incurred prior to the filing of the Petition.

(6) That the law firm of Butner and Gaither has advanced funds for debtor in possession exceeding the sum of $10,000.00 to date.

(7) That Golden Enterprises, Inc. currently has leases in force on its property producing rents as follows:

Shopping Center, Fourth Street Drive, S. W., Hickory, North Carolina

Tenant	Amount
Casa De Bonita Beauty Salon, Ltd.	$ 538.42
C.I.T. Financial Services Corporation	487.50

Fassland Enterprises, Inc.	652.44
Golden Investment Company, Inc.	325.00
United States Properties, Inc.	983.10
Benny Young and wife, Ardith Young	538.87

Tate Boulevard Property, Hickory, North Carolina

Tenant	Amount
Superior Continental Corporation (Phase I)	$ 5,540.62
Superior Continental Corporation (Phase II)	4,750.00

Warehouse on "F" Avenue, S. E., Hickory, North Carolina

Tenant	Amount
Metelpel Products, Inc.	$ 1,015.62

Warehouse on State Road No. 1653, Hickory, North Carolina

Tenant	Amount
Continental System Supply	$ 3,276.04
Total Monthly Rental Income	$ 18,107.61

(8) That Golden Enterprises, Inc. owes monthly payments as follows:

Fidelity Federal Savings and Loan Association	$ 2,533.52
Shelby Savings and Loan Association	8,113.27
Shelby Savings and Loan Association	2,637.09
First National Bank of Catawba County	1,015.62
Second mortgage holders	3,000.00
Insurance	200.00*
Utilities	150.00
Escrow for taxes	600.00
Total Monthly Payments	$ 18,249.50

* The insurance for 1975 in the amount of $2,700.00 has been paid.

(9) That under full rental conditions, there exists a negative cash flow of only $141.89 per month or $1,702.68 per year.

(10) That the following tenants with leases in force are in default in the following amounts:

Casa De Bonita Beauty Salon, Ltd.	$ 1,076.84*
United States Properties, Inc.	3,932.40**
Total Past-Due Rental Payments	$ 5,009.24

* This tenant's rent is past due for October and November 1974

** This tenant's rent is past due for August, September, October, and November 1974.

(11) That the 1974 tax bill of Golden Enterprises, Inc. for the City and County was $15,677.00; that to date the sum of $6,509.00 has been paid, leaving a balance of $9,168.00; that this figure will be further reduced by the sum of $1,116.00 when all tax bills have been paid, leaving a tax bill owing in the amount of $8,052.00.

(12) That in addition Golden Enterprises, Inc. is in arrears for the October and November payments to Fidelity Federal Savings and Loan Association in the amount of $5,067.04 less $1,309.88 for the October interest only. The total arrearage of

Golden Enterprises, Inc. through November 1974 is the sum of $11,809.16 ($8,052.00 for taxes and $3,757.16 to Fidelity Federal Savings and Loan Association). Fidelity Federal Savings and Loan Association, however, has agreed on a temporary basis to allow payments of interest only in the amount of $1,309.88 until the non-productive spaces in the shopping center are re-leased. With this agreement, the arrearage of cash flow would be the sum of $9,361.88 ($8,052.00 for taxes and $1,309.88 for November interest to Fidelity Federal Savings and Loan Association). Compare this arrearage with the money owed to Golden Enterprises, Inc. for rent from United States Properties, Inc. and Casa De Bonita Beauty Salon, Ltd.

Please note further that the 1974 tax bill contains personal property taxes in excess of $4,000.00 that will not appear on the 1975 tax statement.

Please note further that Golden Enterprises, Inc. has assets in California in storage (fixtures) that

your affiant is informed and believes will net debtor the sum of $6,000.00 following the sale. A Court-ordered sale of the fixtures is necessary, and a Motion requesting the same is in the process of being drafted. Debtor is awaiting the terms of sale as proposed by the auctioneer.

(13) In addition Golden Enterprises, Inc. has a cause of action against National Velvet Plusch, Inc., J. P. Pons and wife, and Richard Pons and wife for a breach of a Lease Agreement for undetermined damages but for at least the sum of $3,500.00.

(14) That the present economic condition of this country, especially in Catawba County, North Carolina, is not conducive to the sale of large parcels of real estate at this time.

(15) That an up-to-date appraisal of the property of Golden Enterprises, Inc. with full knowledge of the Chapter XI proceeding, of the short-term leases on the Tate Boulevard property, and the rental

vacancies at the shopping center show convincingly that there is equity for the unsecured creditors in the real estate except for the current economic condition of the country.

(16) That the debtor has actively sought to sell real estate and there is great interest, but to date debtor has received no offers to report to the Court.

(17) That the debtor needs more time to pursue the sale of parcels of its real estate at least until April 15, 1975.

(18) That the second mortgage holders are willing and required to accept less than the required interest payment for the purpose of maintaining a positive cash flow with provisions for the escrowing of taxes, insurance, and utilities.

(19) That Superior Continental Corporation has stated that a firm decision will be made on a long-term lease on the Tate Boulevard property by the end of December 1974.

(20) That the best interest of the unsecured creditors of Golden Enterprises, Inc. would be served by continuing debtor's Application for Confirmation or an Order allowing debtor additional time within which to file and gain acceptance of an amended Plan of Arrangement.

(21) That the debtor is prepared to offer the creditors a third mortgage and pledge of stock for the equity in Golden Enterprises, Inc. at whatever point and time the Creditors' Committee of Golden Enterprises, Inc. determines advisable. This would be accomplished by the execution of a note and deed of trust payable on demand on all of debtor's property to the Creditors' Committee of Golden Enterprises, Inc.

(22) That a sale of a parcel or parcels of land to obtain the sum of at least $175,000.00 for payment of taxes, administrative expenses, and attorney fees is needed to fund such an amended Plan of Arrangement.

(23) That additional time is needed in which to

consummate a sale of any or a combination of the following parcels of land:

(a) Five (5) acres of commercial property located on Tate Boulevard, Hickory, North Carolina.

(b) Building located on State Road No. 1653 in Hickory, North Carolina, presently being leased by Continental System Supply.

(c) Building located on "F" Avenue, S.E., Hickory, North Carolina, presently being leased by Metelpel Products, Inc.

(d) Shopping center, Fourth Street Drive, S. W., Hickory, North Carolina.

(24) That additional time is needed, as well as authority, to hire a rental agent for the purpose of leasing unproductive space at the shopping center owned by Golden Enterprises, Inc.

This the 4th day of December, 1974.

/s/ James M. Gaither, Jr.

(Jurat omitted in printing)

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GOLDEN ENTERPRISES, INC.

Statement of Cash Receipts and Disbursements

November 1 through November 29, 1974

Cash Balance, beginning			$ 4,513.69
Cash Receipts:			
11-01	Superior Continental	$ 8,816.66	
11-01	Superior Continental	4,750.00	
11-04	CIT Financial Services	487.50	
11-07	Travels by Golden	325.00	
11-12	Beltone	538.87	
11-18	Iron Gate Restaurant	652.44	
11-25	Casa de Bonita Beauty Salon	538.42	
11-26	Superior Continental (property taxes)	4,025.37	$ 20,134.26
			$ 24,647.95

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Cash Disbursements:

11-01	Robert L. McKaughn	$ 3,000.00
11-01	Shelby Savings & Loan Assn.	8,113.27
11-01	Shelby Savings & Loan Assn.	2,637.09
11-06	Hickory Postmaster	5.00
11-06	Fidelity Federal Savings & Loan Assn.	2,533.52
11-06	City of Hickory	16.00
11-12	City of Hickory	13.06
11-12	Duke Power Company	78.60
11-14	Frank Baker Insurance Agency	2,743.75

11-14	City of Hickory	6.53	
11-18	Tax deducted by NCNB from bank acct.	1.55	
11-20	Central Telephone Company	6.00	
11-29	City of Hickory (payment on property taxes)	2,223.96	
11-29	Catawba County (payment on property taxes)	1,801.41	$ 23,179.74
Cash Balance, ending			$ 1,468.21

To the best of my knowledge, the information furnished above is a true and correct statement.

/s/ Joe Golden, Agent

IN THE UNITED STATES DISTRICT COURT

FOR THE WESTERN DISTRICT OF

NORTH CAROLINA

Charlotte Division

(Caption omitted in printing)

In Re: Hearing for Debtor to show cause why Motion for Extension of Time to Make Deposit should be granted and this case should not be converted to straight bankruptcy

APPEARANCES:

James M. Gaither, Jr., Attorney at Law
P.O. Drawer 2323; Hickory, N.C. 28601
Attorney for Golden Enterprises, Inc.

J. Carroll Abernathy
Attorney for the Creditor's Committee

Murray Tate
Attorney for First Citizens Bank

Witness: Mercer Simmons

The above entitled matter came on for hearing before the Honorable Joseph R. Cruciani, at Charlotte, North Carolina, on December 5, 1974, when the following proceedings were had, to-wit:

THE COURT: I think I will hear the second matter first. That is the hearing on why this matter should not be converted to straight bankruptcy. Mr. Gaither, as the attorney for the debtor in possession, do you wish to be heard on that?

MR. GAITHER: Yes, Sir, I do. Your Honor, I filed an affidavit with the Court that sets forth the present-- what I think-- that my affidavit of the status of the Company. I passed out copies among the people that are here representing various creditors and I also have Mr. Mercer Simmons here, who has done an appraisal of the property, Your Honor. Based on todays additions, knowing our situation with respect to unleased space and so forth and so on, and I would like for him to testify, I don't know how you want that handled. I very

much would like to either read or have that thing read or have Your Honor read it because there are a lot of facts in there that might require questions, some of these folks might have questions. I have Mr. Stan Mears, he is the Vice-President of First Citizens Bank & Trust Company and he has agreed to testify as to the economic conditions of Catawba County at the present time and that's my plan, Your Honor may proceed on that basis?

THE COURT: Before you do, let me clear up a matter that I'm most concerned about. What provision is there being made for ad valorem taxes on the property at this time?

MR. GAITHER: Your Honor, the ad valorem taxes on this property have been paid for the year 1973 and have been paid for the year 1974 with the exception of $8,000.00's worth. $4,100.00 to $4,200.00 of that amount, Your Honor, is for personal property taxes that was for inventory that Golden Enterprises had on January 1, 1974, and in 1973, approximately one-half

of that amount, $17,000.00, was paid from, if you can term it real estate money, toward those taxes.

THE COURT: Wait a minute, Mr. Gaither.

MR. GAITHER: In further answer to your question, Your Honor, with reference to the real estate taxes as stated, we owe now $8,000.00 and there is a $3,000.00 interest payment made, Your Honor, to the second mortgage holder and those gentlemen are under instructions to -- with the exception of -- they are holding a large portion of this money just until we have time to come in here and see exactly how the real estate taxes will be paid. But you see, we just started in August as a Company, so to speak, or fully rented Company for we were getting rents and applying them according to this court order and we have had August, September, October, November --you know-- and we have been operating during that time and it just takes some time to get a feel for it. We now know that the real estate taxes require approximately -- well, Mr. Simmons and

I had a disagreement about that and that document right there we said $600.00 a month and Mr. Simmons thinks it might -- it should be some more. We have net leases, Your Honor, on about half one-half the property and those taxes we have collected we sent out bills for approximately $4,500.00 and we received about $4,100.00 and anticipate receiving the other $500.00 very soon. We more or less have to make up $8,000.00 into next year and there are various ways of making it up. The best way is to sell something. As Your Honor knows, we need to sell some --

THE COURT: Right now then, you are not in compliance with the court order to maintain a separate account for taxes and to put in that account all the tax money for taxes.

MR. GAITHER: We don't have a court order that says to maintain a separate account.

THE COURT: How about your original order putting you into possession?

MR. GAITHER: Well, I am not aware of it if that is the case.

THE COURT: If you are not, you are the first one in a Chapter XI proceeding that is not.

MR. GAITHER: Well, we have these built-in charges, Your Honor, because of this order that Mr. Golden is operating under does not say to do that and pending hearings on these disbursements and on how we're going to handle this thing especially with a negative cash flow, Judge. I think we have done pretty good up to this point. We have paid just in the last, well, I would say ninety days, $6,000.and some dollars toward the taxes, and as you know, we didn't really--we weren't organized to the point that we could do that before August of this year. The total tax bill, Your Honor, for city and county for 1973-- of approximately $15,000.00 and $7,000.00 and something has been paid to date.

THE COURT: I notice you say that since the filing of the petition, you list 1973 city and county taxes of

$18,000.00.

MR. GAITHER: Yes, sir.

THE COURT: And the 1974 city and county ad valorem taxes of $6,000.00.

MR. GAITHER: Yes.

THE COURT: On January 1, you will have an additional tax bill coming due of how much?

MR. GAITHER: No, sir, we don't have that bill coming due until probably September of '75.

THE COURT: Will it be assessed as of January 1, won't it?

MR. GAITHER: It will be assessed but you see these taxes now for '74 are not due yet. They are due by January 1, however. Is that correct, Mr. Tate? Is that the way--

MR. TATE: They are due and payable without penalty until December 31. They are technically owed as of January 1, but actually we do not know what they will be until August or September.

MR. GAITHER: Yes sir, I don't think we have even received a bill, Your Honor.

THE COURT: Do you have any payroll at all now?

MR. GAITHER: No, sir, we have none.

THE COURT: Alright, go ahead, and put Mr. Simmons on the stand if you will, and we will get the information from him. the Court recognizes you as an expert in real estate.

MR. MERCER SIMMONS: Duly sworn by the Clerk.

THE COURT: Go ahead, Mr. Gaither.

EXAMINATION by Mr. Gaither:

Q. Mr. Simmons, would you describe to the Court what you have been hired to do, sir?

A. Yes, sir. I have made an appraisal based on the leases which the property is presently encumber with. And under our present economic conditions, that is the valuation as of today, I have also made a couple of projections as to what it might be by late spring or early summer of the coming year.

MR. GAITHER: Why have you chosen that date there as a comparison?

A. Well, for several reasons. One of the problems the real estate industry is facing today is the inability to finance any major transaction. There is just purely lack of the funds from the mortgage institutions and those that you do get are at a higher rate of interest. I have within the past thirty days talked to a number of savings and loan institutions, mortgage companies, banks and people of this nature and they are pretty unanimous in their opinion that well, first, they say that most of them have a cash inflow at the present time. They are using this inflow to reduce their obligations. They are not yet ready to start making loans as they have been in the past. They anticipate by spring they will be in a position to start making good loans again and, of course, this should have and normally would have a definite bearing on the price which an investor would pay for income producing profit. The second factor is

that everything that I seem to read, the people I seem to talk to, or I have talked with, all seem to be of the opinion that there will be an up-turn in the economy with the -- in the late spring and early summer and based on these comments were the reasons I used the late spring or early summer as a projection point.

Q. Would you describe the present status on the property by parcels? Are you prepared to do that?

A. How do you mean describe?

Q. Well, to describe the value of the property based on the rents received from the leases.

A. There are four properties involved. The first is on 14th Street, a warehouse facility. It is presently encumbered with a lease which is paying $39,312.00 annually. This is a net-net lease 85 cents per square foot. The probably purchaser of a property of this nature is going to finance the maximum amount that he can. And your loans that are being made will be in the range of a 75% loan -- 75% of the value. Interest rates

will probably be about 10 1/2% for property of this nature -- that is warehouse or industrial type property. Any loan will probably be for a twenty year period. Anyone investing their money in this type property is going to perform a minimum of 12% return on their equity investment of the 25% that they invest. Based on these factors, I can project that the property has a market value on today's market of approximately $360,000.00.

Q. Did you do an earlier appraisal on that same property?

A. Yes, sir, I did.

Q. Do you recall what that appraisal was?

A. No, I have it in my briefcase, if you would like me to get it.

MR. GAITHER: Yes, sir, I would.

MR. J. CARROLL ABERNETHY, JR.: Mr. Gaither, for our information, is that Universal Building?

MR. GAITHER: Yes.

THE COURT: Mr. Abernethy, as representative of

the Committee of Creditors, if you wish, you can come up and set at the Council table. I will ask you for the benefit of your advice before we can get through here.

A. I appraised this property as of March 2, 1973, and at that time I estimated it to have a value of $400,000.00.

Q. Do you have a figure there for the shopping center, the 4th Street property?

A. Yes, I do.

Q. What is that amount?

A. 250.

Q. Do you have there what it was appraised for in March of '73?

A. Yes, sir. 335,000.

Q. Now the Meadowdale property located on F Avenue, what value have you placed on that today?

A. 110,000.

Q. And what price was that in March '73?

A. 141,500.

Q. And the Tate Boulevard property?

A. Yes, sir, 893,000. Now that does not include some additional land.

Q. Yes, sir, Now there is some additional land outside that building there. Do you have an opinion as to the value of that five acres of land?

A. I didn't make a detailed study on that as of the date, but I would estimate somewhere in the realm of 12,000. I may be a little optimistic on that.

Q. 12,000.00 an acre?

A. Yes, 12,000 an acre.

Q. At $60,000.00?

A. Right, somewhere in that range.

Q. Golden Enterprises also owns three other building lots that I don't know if you are familiar with or not.

A. No, I am not.

Q. If the Tate Boulevard property that is presently leased to Superior Continental had a long term lease

for ten years using the same rates that we are using now, how would it affect your value of $893,000.00?

A. Well, if you have got a long term net -- net lease, now obviously a gross lease in this situation, but if you have a long term net -net lease at the same rental that I forecast here, then it would move this 893 up to about a million one.

Q. If the interest rates -- well, to summarize then, you have got 893/250/110/ and 360, is that correct?

A. I believe that is correct.

Q. And what does that total?

A. That totals $1,665,000.00.

Q. And you have got five acres of land at $60,000.00?

A. Right.

Q. $1,725,000.00.

A. Yes.

Q. Should the interest rates come down from the 10 1/2 per cent figure that you mentioned -- First of

all, do you anticipate them coming down?

A. Yes, they have not yet -- long term rates now, not the prime short rates, but long term rates have not yet come down, but there is an indication that they are about to do so.

Q. If they do, what effect would that have on this valuation of $1,725,000.00?

A. Well, it would increase it assuming everything else remains the same, but the interest rate. As an example if the interest rate dropped to 9 1/2 instead of 10 1/2, instead of $1,655,000.00 we would be talking about a $1,760,000.00 or approximately $100,000.00 increase. It is also possible with the availability of money that the equity requirements may come down.

A. Do you have an opinion as to what value, if it came down to say 9 1/2 per cent, what the value would be for instance in June '75?

A. Yes, somewhere around $1,760,000.00.

Q. $1,760,000.00, is that plus 60 for that land?

A. Right, that is not included in the additional land.

Q. That would be $1,820,000.00 then.

A. Right.

Q. And what figure would be added to that, were there a long term lease on the Tate Boulevard property?

A. Well, if you go back to this net lease spaces, that is approximately another $300,000.00

Q. That's all I have at this time, Your Honor, do you have any questions?

THE COURT: Do you have any questions on behalf of the Creditors Committee?

EXAMINATION by Mr. Abernethy:

Q. Mr. Simmons, I was just last night looking at Time Magazine and although I believe it said the majority of the so-called financial experts expect a slight up turn the first six months of '75, the majority was only a slightly or very small amount over fifty per cent. It is entirely possible the real estate market could con-

tinue to go down as the result of three days a week work and what not, right?

A. It is conceivable. We're projecting into the future and this is my best judgment.

Q. I understand. I have no further questions.

EXAMINATION by Mr. Gaither:

Q. Is it your best judgment that we are at the bottom and are going up?

A. Basically, I think we have bottomed-out on our interest rate and I think that the economy is going to turn up with spring. The construction activity will start up again with the availability of money and I think the economy will follow.

Q. I have no further questions, Your Honor.

EXAMINATION by Mr. Abernethy:

Q. This property is worth how much less today than it was in March of '73?

A. I didn't total those figures.

Q. I am not trying to get down to within even thou-

sand dollars.

WITNESS: Probably $300,000. - $400,000, possibility.

Q. That is all

THE COURT: Thank you, Mr. Simmons.

MR. MURRAY TATE: I am Murray Tate representing First Citizens Bank. If the Court please, may I ask a question?

EXAMINATION by Mr. Tate:

Q. Mr. Simmons, in assuming that the interest rates come down about one per cent and every time everything else stays the same you were discussing an increase in your appraisal, would that not also vary greatly on whether or not there are people looking for long term leases of this type property at that time.

A. Oh, definitely, if you have got a market at all.

Q. And really a person wishing to buy would ordinarily arrange his finances before he decided to buy.

A. Yes, sir.

Q. And the bank or any other lending institution would be very slow about loaning if a man only had a one year lease.

A. Right.

Q. So we go on to some interest rates or anything else, unless there were good long term leases available, the present market value would not likely go up?

A. Well, if there is an availability of money and if the economy is moving, and this is what I anticipate, I don't think we'll be back to a couple of years ago at this point, but we will be turned up. Now, you have two long term leases in existence, the Tate Boulevard property is one that has the short term lease.

Q. That is the one I'm particularly interested in.

A. In making my projections here, I considered the fact that there is a short term lease involved and it is a more hazardous loan or equity position either one, than with a long term lease involved.

Q. Now, Mr. Simmons, did you consider the

warehouse market in Hickory, North Carolina, other than Superior Continental. But overall, the Hickory is dependent upon the furniture industry.

A. Right.

Q. Now if there is an up-turn in the residential housing industry in the Hickory area during the spring, the furniture industry would not reach its turn around until possibility fall of 1975?

A. Yes, sir.

Q. And they will probably not need warehouse space or even production space until probably the fall market in 1975?

A. This is probably true. It's a bumping process.

Q. It takes time for it to -- I figure about a six month's lague?

A. Yes, it takes time for it to filter down.

Q. Now, did I understand, in talking about the reasonable return on equity, based upon the amount of rent that an investor would seek to get, did you use

twelve per cent of total value of the property or did you use a percentage of equity in the property?

A. It's on his equity investment. He normally would borrow the maximum amount, which under prevailing conditions, would be about seventy-five per cent. So, he would have a twenty-five per cent equity investment upon which I feel the market seems to indicate that these people are seeking a twelve per cent return on their equity investment.

A. Thank you, sir.

THE COURT: Any other questions? Thank you, Mr. Simmons.

There being no further questions, the witness was dismissed.

THE COURT: Mr. Abernethy, what would the creditors have me do?

MR. ABERNETHY: Well, now, if Your Honor please, of course Your Honor knows, I can only speak for myself, and for what it's worth -- It is probably worth

very little because frankly I think in today's economy, nobody knows. I think that there is a slight -- some of the experts say that in the next six months the economy is going to take an up turn and from what little I've read, they say that that is only slight in majority. As far as the common creditors are concerned, the unsecured creditors, If I might use the phrase. From the beginning, as Your Honor knows, it has been my opinion that if it went under as I have told clients and told other attorneys who called me from out of town, that unsecured creditors have no choice except to approve a proposed plan because if it went into a straight bankruptcy, they weren't going to get a dime. That was my opinion then, and it is my opinion today. If, If I knew what the economy is going to do in the next six months, Judge, and not being smart or facicious with the Court, I would be out trying to make some financial arrangements to take advantage of my knowledge. I don't know. And to be frank, the Court is not in an

enviable position, to be truthful with the Court, and I will try to be. If the economy takes an up-turn in the next six months, and Your Honor sees fit to hold the matter in abeyance, you might say, to see what does happen, and at the end of six to eight months the property is worth anywhere approximately the figure Mr. Simmons is using here maybe half a million dollars more you're an awful smart referee in bankruptcy. If the bottom falls out in the next ninety days, and the secured lenders take a twenty-five to fifty per cent loss, you're not -- you don't have a good track record on this case and I don't know. As I said, the Court is in an unenviable position. I will say truthfully the unsecured creditors cannot get hurt. In my humble opinion, and that is who the creditors, as I understand it, committee are to represent. The unsecured creditors, in my humble opinion, cannot get hurt to allow the matter to stay open for the simple reason that there is nothing here now and I don't think there is nothing

here when we went under. Maybe I am wrong and maybe someone else can if nobody has been able to convince me of that yet; I told Mr. Gaither that two years ago before the first hearing that the creditors committee --before the creditors committee was appointed, that there was nothing here for the unsecured creditors and I advised all my clients of that effect. I am still advising them to that.

THE COURT: Mr. Golden, how much money do you have in your account now over and above expenses of operation? What do we have accumulated in that small account?

MR. GOLDEN: You mean how much do we have in the bank right today?

THE COURT: Yes.

MR. GOLDEN: At the end of the month, I think we have about -- at the end of November, we have about $200.00, but rent is coming now for the month of December and there is a couple of clients who have not

yet paid their November rent.

THE COURT: So we are not accumulating anything? Just staying even generally in that account even with no expenses nothing being paid other than servicing the debts.

MR. GOLDEN: I would have to agree with that. We are not, in that account, accumulating money, but we are meeting our obligations.

THE COURT: Mr. Gaither, how can I assure the secured creditors that we are not just adding ad valorem taxes out there that are going to eat into their secured position?

MR. GAITHER: Well, that is a possibility, Your Honor, and the way to get around it is to sell something. We have attempted -- we have been trying to sell something.

THE COURT: Now just to sell it for taxes?

MR GAITHER: No, not for taxes, Your Honor, but it will create money. One thing that is important to

me, Your Honor, is there is a group -- there are some fixtures that are stored out in California.

THE COURT: How about answering my question first, Mr. Gaither. How am I going to assure secured creditors that we are not just going to continue to add taxes out there that might eat into their position?

MR. GAITHER: Because we have paid about $25,000.00 worth of taxes this year, Your Honor. Use and personal property taxes and real property taxes. We have paid that.

THE COURT: Out of the sale of inventory?

MR. GAITHER: No sir, we did not use any of the inventory.

THE COURT: Out of what did you pay it?

MR. GAITHER: We have paid it out of the cash flow and out of the proceeds from Shelby Savings and Loan.

MR. GOLDEN: May I say something, and I am unfamiliar with Court procedures so if I do something wrong, say something wrong, please excuse me.

THE COURT: Just state your name for the record, Mr. Golden.

MR. GOLDEN: Joe Golden, and I am not an attorney. We have some property that is not rented. If this property, which is the biggest part of the shopping center, at least fifty per cent, if we can do something with that, that will start taking down this so-called $8,000.00 deficit that we have in property taxes.

MR. GAITHER: We still, Your Honor, we can also pay $8,000.00, in view of your statement to begin with, out of the proceeds. I think taxes come before anything else anyway. I mean, we'll still have $16,000.00's worth of rent coming in this month. But, I think it is important again to point out to the Court first of all that we didn't even receive tax bills, Your Honor, until late in the summer or early in the fall and this is August and that was about three months ago and since that time, we have paid a lot of money toward taxes. We have paid all '73 taxes and we have paid $8,000.00

toward -- excuse me, $6,000.00 at present, toward '74. We did not, I guess through ignorance, for want of a better term, but we did not use the proceeds of the inventory -- there are so many claims against that money that we did not use any of that money to pay personal property taxes. There are fixtures in California, Your Honor, that there is an auctioneering firm there that I have been waiting on for almost a month to send me their qualifications. I know Your Honor's practice, you are not going to just let anybody sell them and I am waiting on something from them to prove to me that they are worthy of selling them and there is a small amount of money we can realize from that that can be applied toward these taxes to make up for the, oh probably, $15,000. taxes and taxes over the last two years that have been paid, you, know, that were personal property taxes. And we won't have those obligations anymore. Another thing --

THE COURT: Before we go to that, now Mr. Gaither,

how long have we had a confirmed plan -- not confirmed, but accepted?

MR. GAITHER: We have had an accepted plan since around November '73 and we had a company that -- National Velvet Plush, that went bankrupt or went --

THE COURT: So it became obvious that you are going to have to modify and amend plan.

MR. GAITHER: We did that, Your Honor, and we substituted the second mortgage holders. We got the money. We finished the building and we have --

THE COURT: How did you modify the plan?

MR. GAITHER: We modified it in that we substituted First Citizens or we substituted the present second mortgage holder for First Citizens Bank. We did not alter the terms.

THE COURT: Do you plan on asking for another modification of the plan?

MR. GAITHER: Yes, sir, I have. I filed a motion asking for that.

THE COURT: When was that filed?

MR. GAITHER: I filed that motion in early November and I asked for an extension of time to file the deposit, or in the alternative, an extension of time to file an amended plan. That would give us time to try and work up a sale.

THE COURT: How much time do you want to file a modified plan?

MR. GAITHER: April 15th.

THE COURT: Why do you need until April 15 to file a modified plan?

MR. GAITHER: It will get me toward that magic time that Mr. Simmons spoke of toward June. I would like to have until June, Your Honor, but I don't want to -- if we could have until June that would be better.

THE COURT: I don't even know what piece of property you plan to sell in order to provide the deposit so that you can get any plan accepted Mr. Gaither, that is where I am now.

MR. GAITHER: May I point out one other thing Judge, before I speak to that. With reference to Superior Continental, we are in the process of serious negotiations with those people Judge for a long-term lease. I have filed and would like for what I have filed to be marked as an exhibit in this thing. It is a very extensive letter to them describing the present leases and describing what we have discussed with them. I now represent to the Court that they say that they can tell me something by December 16. They earlier said they would tell me something by the end of November. Superior Continental, at one time, was a very strong company and I think they still are, but just like everybody else right now, the are having problems and they are moving slow and a ten year lease at Tate Boulevard is a $1,200,000.00 lease, Your Honor, and it is very freasible that we would get that assuming that they don't suffer severe difficulty. I hate to stop right now. There has also been filed, and I would ask that

it be marked as an exhibit on examination of the present mortgages and cash flow situation. We have certain tenants who are not -- who have gone out of business and are in arrears to us with rent. We want to rerent and have time to re-rent those spaces and that will go toward decreasing this negative cash flow situation we have right now. We have enough, Your Honor, to get by including taxes, insurance, debt service and other things if we are fully leased. And the lease to Superior Continental, if it were to come to fruition would be for a greater amount of money than it is right now because they are leasing office space from us for $1.25 a foot and they have already told us that if they lease, they will pay us $2.00 a foot and that is 6,000 feet. 75 cents a foot for a year that is a substantial increase. It gets us in a positive cash flow situation. And we are not paying any employees, we are not wasting assets, and I just don't think it should be done now.

THE COURT: You are going to have to sell some of

the real estate in order to get a deposit, aren't you?

MR. GAITHER: Yes, sir.

Q. Have you decided which piece of real estate?

A. Yes, sir, we will sell anything we have.

THE COURT: Well that still doesn't tell me anything, Mr. Gaither.

MR. GAITHER: Well, the shopping center, Your Honor. We have entered into negotiations on the shopping center before and we had an offer that fell through. Your Honor is aware of First Citizen's attempt to sell the three building lots that have not been mentioned yet. Golden Enterprises has three building lots valued at about $30,000.00 that would add to Mr. Simmon's appraisal. That fell through. All of these things started falling through when times got bad, Your Honor, but there is genuine interest. And I don't think Mr. Abernethy would deny that. I am aware that there is interest in Golden Enterprise property. I have attempted to sell the shopping center and other real estate to any

number of people. As a matter of fact, on the 21st of November, I sent out twelve to fifteen descriptions of lease agreements, description of mortgages, to twelve or fifteen people who are -- who, for the sole purpose of generating some interest in this real estate. I have received some interest, Your Honor. I can represent to the Court that Cherry, Beck & Holland, CPA firm in Hickory, has a man that works for them who has a client who is very interested. He is from New York and Mr. Bright won't tell me who he is. But he says he has been around. He has looked at the property. Mr. Bob Smoke from Bernard Furniture Industries in Lenoir has looked at the property. We are actively trying to sell the property. We have brought to the Court today a Mr. Jim Hassell, who is a noted realtor there hin Hickory, who is willing to state that what we have prepared and filed with the Court within the last few months and come back to this Court with perhaps some sort of plan concerning the sale of certain property.

I know how much we need for a deposit the profit, Your Honor, and I know what the equity is according to Mr. Simmon's testimony and it is just a matter of finding -- it is not so much finding a buyer as it is finding someone who will loan that buyer the money to make a sale at the present time and I think that given time and not wasting any assets that we can come up with a buyer and we can come up with a bank that will lend the money to the buyer, and everything else, but not at the present time. And we have worked very hard, Your Honor, since October to get the company in the shape it is right now. On January 1, 1974, Your Honor, the phast two was not finished and we didn't really have -- we didn't know what the taxes were going to be until they came out. And I think we have done darn good to -- except the mistake that was supposed to be a separate account and I state to the Court that it will be that way from this point on.

THE COURT: What do you expect ad valorem taxes

to be for next year?

MR. GAITHER: Well, I had rather Mr. Tate speak to that. I think maybe they could possibly -- they say they are going to try to hold them, but Mr. Tate is city attorney for the City of Hickory and he could probably speak to that better than I could.

THE COURT: Mr. Tate, do you know what they'll be?

mr. tate: Yes, sir. They will probably be about the same, both city and county, in talking to both city and county officials on it. We could expect it to be $15,000.00 or $16,000.00.

THE COURT: Fifteen or sixteen?

MR. GAITHER: The real estate taxes for 1974, Your Honor, are $11,000.00 and of that amount, $4,500.00 are in the form of net-net leases that we get from tenants. So forty-five from eleven is what we have to come up with. Now, if we can see this long term lease to with the document that has been filed with this Court. In

the letter to Superior Continental, it talks about a net-net lease where they pay taxes and I think we can get that, but I don't know. I can't guarantee it but that would decrease the amount that we would have to reserve even that much more.

THE COURT: Mr. Tate, you represent a secured creditor. What would you have the Court do?

MR. TATE: If the Court please, it looks like very little difference to my particular time. We have these three lots -- three vacant lots and there is no way in the world that they will come at any time anywhere near paying our entire amount of money. We are talking about $30,000.00's worth of real estate and our debt is 150-170 some thousand dollars. I don't know what.

THE COURT: It sounds like you seem to be an unsecured creditors.

A. Well, we are probably the largest unsecured creditor.

THE COURT: So you hope to get a plan of arrangement then where there will be a percentage pay out.

MR. TATE: If we could see something that we could have some hopes in. We really thought that the shopping center would be sold a while back and I understand that we did have an offer but Mr. Golden was not in favor or someone was not in favor of going through. I believe that offer, that was a firm offer, has now been withdrawn or reduced. I don't know but what we're going backwards. As I understand it, there are some difficulties with the payment of the rental on the shopping center leases and this is a problem too. The figures on net -- on cash flow will be even worse if these people stop paying their rent. And I don't know, in Mr. Gaither's statement, United States Properties have ceased business operations and one of the other tenants is behind in their rental. Well, this also causes us great concern. Of course, we feel it is a great mistake not to sell when we had an offer before

and perhaps if there is a firm offer on that now that would give us a lot more of an idea. I think that property is much more salable than the warehouse property at this time and I may be wrong. I don't claim to be any expert but I do have some warehouse property and I do have some commercial property and residential property, and certainly commercial property now has a better sales value in Hickory than the other two. The other two are non-existant.

THE COURT: What do you think about an April 20 or April 15th date in which to file a modified plan. Do you think that is enough of a fixed period to sort of give them a chance and if it doesn't -- if we don't get a modified plan that will be accepted by that time to then proceed to straight bankruptcy?

MR. TATE: Well, if the Court please, I am not speaking for a client, but just individually. This is not my client's position in particular. I really don't feel that there is anything that I read, and I try to read a lot,

I don't know much about economics, but I don't see that the general economy of the Hickory area is going to make any difference in April from what it is now. I think that if there is going to be any change we won't see it until after the fall market. That's with twenty-five years experiences following that. I feel a shorter time would be just as good as waiting until April a shorter time for a modified plan to be brought with an extreme emergency in trying to put the shopping center, at this time, and not pussy - foot around if they get an offer.

MR. GAITHER: Your Honor, we haven't pussy-footed around on this.

MR. TATE: No, sir, I don't believe you have, but I think when we had an offer that --

MR. GAITHER: The offer was tied to the acceptance of a plan.

MR. TATE: The offer was 325, was it not?

MR. GAITHER: 330, but it was tied to an acceptance

of a plan, and in order to get an acceptance of the plan -- at that time we had we were still negotiating with Superior and they were hand in hand and it sort of failed offon us and we were just left -- we weren't even sure of our ability -- of our right to sell strictly to make -- to create money without -- we have the power to sell, but we weren't sure what effect that would have on whether we had the actual right. That to me is almost in a sense wasting assets without the proper foundation and everything and we run into some problems on that basis. Let me say this, Your Honor, and I won't say anything else. But Mr. Golden has gone a long way in this thing. He has come from a point where he was going to pay creditors off in ten years and he was going to be left with a company that was going to be worth a lot of money to the point that he does not want anything, Judge, he would like to have something when it is all over, but he doesn't expect to get anything. All he wants to do is to make an

honest attempt to pay his creditors and if he gets nothing, that is fine. At least he will have done a plan of arrangement and done the best he could. We got these negotiations going and they are good faith negotiations with Superior Continental. We have got negotiations going with at least twelve other people to sell the property. We have Mr. Hassell back here who is willing to help us. We need to get that property rented over there and it is just sort of pulling the rug out from under us at the present point. We are willing to be called on our mistakes, Your Honor, especially with respect to these taxes and we will get that straight, but we don't want to stop now.

THE COURT: I am going to go ahead and give you till March 31st. I'd say April 1st, but that's April Fool's Day. So I am going to give you until March 31st to file a modified plan. Get realistic in that plan so that you keep the money that you deposit -- that you need as low as possible, so you can sell as little real estate as

possible and yet give something to unsecured creditors. March 31st for filing of the plan and April 23, 1975, for hearing -- that is to count the acceptances or rejections. There will be a fixed date beyond that at which you will come up with a deposit.

MR. ABERNETHY: Your Honor, please, I may make one more observation. To be truthful with the Court, I think depending on Superior Continental at this stage is like building a castle beside the sea. Superior Continental is wanting to get out of Hickory. They are not wanting to come in. I want to be truthful and frank with the Court. And truthfully again, it's going to be very difficult to sell anything in Hickory for a whole lot of money at this time over and above what's owed on it, simply because everybody else is just exactly like I am, if I had a couple hundred thousand dollars, I wouldn't buy nothing today. I wouldn't buy a dime's worth of anything until I was positive it had reached rock bottom and was fixing to rebound and

on Golden's I wouldn't buy five cents worth because I would be sitting and hoping that it would go into a straight bankruptcy, and I could go to the secured creditors and say I'll set up a corporation and I'll pay $5,000.00 over and above what your loan is if you'll stand on the loan. Now that is what they are facing. Now, if they come up with a cash offer between now and April 15, they are Houdini, and I wish them luck.

THE COURT: Mr. Tate, as one of the secured creditors, a little bit of a secured credit and any unsecured creditors, if the rental situation out there should get bad I expect on your own notion, Mr. Gaither, or one of the secured creditors to bring this matter on for determination prior to that time because I see that if the rental situation gets real bad out there, it is liable to upset our hopes that they can come up with a modified plan. So, even though we have continued this matter for a modified plan to be filed on a certain date it does not prevent bringing it on for an earlier deter-

mination that we've got to go ahead with straight bankruptcy. Alright, Mr. Gaither.

MR. TATE: If the Court please, in regard to the real estate which is securing to the extent that it is secured, First Citizens Bank property, would it be in order if we secured a purchaser for that property to petition the Court and should that be an adverse petition, if we ask the Court for permission to sell or have that sold to apply on the amount owed us?

THE COURT: That is non-income producing property, isn't it?

A. Yes, sir.

THE COURT: That would be in order to make that petition.

MR. GAITHER: May I say something, Your Honor. We have received permission from the Court to sell that same property at an earlier date, but would it be necessary to get another order?

THE COURT: If you get an offer and approval

and confirmation of the Court.

MR. TATE: Our purchaser just backed out.

MR. GAITHER: If that Order is still valid, we could just come in for confirmation.

THE COURT: It is still valid. I have never revoked it. Before Mr. Abernethy leaves before we do leave this proceeding, in all that I have said, I don't want to play down the job that you have done so far, Mr. Gaither, out there. He is not Houdini, but to get from where you are to where you are, from where you were to where you are, was quite a task and I hope that you are successful in filing a modified plan and getting it accepted and finding a purchaser for some of this so that some of it can be saved for Golden Enterprises.

MR. GAITHER: Thank you, Judge. To be honest, Your Honor, Mr. Simmons came up with those prices. They haven't been offered in writing, but they have been discussed and have been turned down because

we felt like they were too low and now knowing what we know, I think we can get that amount of money.

MR. ABERNETHY: If your Honor please, I didn't mean-- I am certain the Court didn't take it that way, to say that I was saying anything against Mr. Gaither's efforts. I mean I was just trying to state the thing as I saw it.

THERE BEING NOTHING FURTHER, THE ABOVE MATTER WAS CONCLUDED.

CERTIFICATE

I, Paulette H. Blackwelder Harris, official Court Reporter for the United States District Court for the Western Distr'ct of North Carolina, do hereby certify the foregoing 33 pages to be a true, complete, and accurate transcript of the testimony and proceedings in the above entitled matter, as reported by me.

This the 3rd day of February, 1975.

/s/ Paulette H. Blackwelder Harris

Paulette H. Blackwelder Harris

IN THE DISTRICT COURT OF THE UNITED STATES

FOR THE WESTERN DISTRICT OF NORTH CAROLINA

STATESVILLE DIVISION

(Caption omitted in printing)

ORDER

Upon the annexed application of James M. Gaither, Jr., attorney for Golden Enterprises, Inc., the above-named debtor, filed on the 30th day of December, 1974, for approval to disburse the sum of One Thousand Four Hundred Seventy-Three and 76/100 ($1,473.76) Dollars from the Golden Enterprises, Inc. Disbursement Account and to apply said sum on the 1974 City of Hickory and Catawba County ad valorem taxes in the amount of approximately Eight Thousand Fifty-Two ($8,052.00) Dollars now being due; and it appearing that no notice of a hearing thereon should be given, and for good cause appearing to me therefor, it is

ORDERED that James M. Gaither, Jr., be, and he hereby is, authorized to disburse the sum of One

Thousand Four Hundred Seventy-Three and 76/100 ($1,473.76) Dollars from the Golden Enterprises, Inc. Disbursement Account and to apply said sum on the 1974 City of Hickory and Catawba County ad valorem taxes in the amount of approximately Eight Thousand Fifty-Two ($8,052.00) Dollars.

This the ____ day of December, 1974

/s/ Joseph R. Cruciani, Bankruptcy Judge

Denied 12-30-74

GOLDEN ENTERPRISES, INC.

Statement of Cash Receipts and Disbursements

December 1 through December 31, 1974

Cash Balance, beginning			$ 1,468.21
Cash Receipts:			
12-03	Iron Gate Restaurant	$ 652.44	
12-03	CIT Financial Services	487.50	
12-05	Travels By Golden	325.00	
12-06	Superior Continental	13,566.66	
12-06	Beltone	538.87	
12-16	Casa De Bonita Beauty Salon	538.42	
12-17	Iron Gate Restaurant (Payment on Taxes)	586.08	
12-31	Travels By Golden	325.00	
			$ 17,019.97
			$ 18,488.18
Cash Disbursements:			
12-09	City of Hickory	$ 16.00	
12-10	Duke Power Company	165.68	
12-16	City of Hickory	19.59	
12-16	Central Telephone Company	6.00	
12-17	Hickory Postmaster	2.70	
12-19	Shelby Savings & Loan Association	2,637.09	
12-19	Shelby Savings & Loan Association	8,113.27	
12-19	Fidelity Federal Savings & Loan Assn.	2,533.52	

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12-19	City of Hickory			
	(Payment on property taxes)	2,000.00		
12-19	Catawba County			
	(Payment on property taxes)	2,000.00	$	17,493.85
Cash Balance, ending			$	994.33

To the best of my knowledge, the information furnished above is a true and correct statement.

/s/ Joe Golden, Agent

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GOLDEN ENTERPRISES, INC.

Statement Of Cash Receipts And Disbursements

January 1 through January 31, 1975

Cash Balance, beginning				994.33
Cash Receipts:				
1-02	Superior Continental	$ 13,566.66		
1-02	C.I.T. Financial Services	487.50		
1-09	Iron Gate Restaurant	652.44		
1-10	Beltone	538.87		
1-16	Casa De Bonita Beauty Salon	538.42	$	15,783.89
			$	16,778.22

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Cash Disbursements:

1-02	Hickory Postmaster	$ 5.00	
1-09	City Of Hickory	16.00	
1-09	Duke Power Company	187.84	
1-09	Fidelity Federal Savings And Loan	2,533.52	
1-09	Shelby Savings & Loan Association	8,113.27	
1-09	Shelby Savings & Loan Association	2,637.09	
1-10	Catawba County		
	(Payment of Property Taxes)	2,167.62	
1-13	City of Hickory	19.59	
1-20	Frank Baker Insurance Agency	43.00	
1-20	Central Telephone Company	6.00	$ 15,728.93

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Cash Balance, ending $ 1,049.29

To the best of my knowledge, the information furnished above is a true and correct statement.

Joe Golden, Agent

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IN THE DISTRICT COURT OF THE UNITED STATES

FOR THE WESTERN DISTRICT OF NORTH CAROLINA

STATESVILLE DIVISION

(Caption omitted in printing)

ADJUDICATION ORDER

At Charlotte, North Carolina, in said district on the 14th day of February, 1975.

A hearing pursuant to Rule 11-20(d) of the Bankruptcy Act having been held by the Court on the 22nd day of January, 1975, upon notice to the debtor and other parties in interest and an order having been entered for the debtor to file an indemnity bond in the amount of Fifty Thousand ($50,000) Dollars on or before February 5, 1975;

And it further appearing to the Court that the debtor has failed to file the indemnity bond timely and that no extension of time has been requested or granted;

And it further appearing that notice of a hearing, pursuant to Rule 11-42(b)(2) of the Act, was timely

given to debtor and other interested parties;

And the Court, after hearing the attorney for the debtor and other interested parties, finds as a fact that debtor failed to timely file the required indemnity bond;

And the Court further finds as a fact that it is in the best interest of the estate to adjudicate the debtor a bankrupt.

IT IS, THEREFORE, ORDERED, ADJUDGED, AND DECREED, pursuant to Rule 11-42(b)(2) of the Bankruptcy Act, that bankruptcy be proceeded with according to the provisions of said Act.

This the 14th day of February, 1975.

/s/ Joseph R. Cruciani

Bankruptcy Judge

IN THE DISTRICT COURT OF THE UNITED STATES

FOR THE WESTERN DISTRICT OF NORTH CAROLINA

STATESVILLE DIVISION

(Caption omitted in printing)

ORDER APPOINTING TRUSTEE AND AUTHORIZING OPERATION OF BUSINESS AND MANAGEMENT OF PROPERTY

THIS CAUSE coming on to be heard upon order of this Court dated February 10, 1975, upon the failure of the Debtor to file an indemnity bond, and after due consideration it appears to the Court as follows:

1. That Debtor filed a Petition for an Arrangement pursuant to Chapter XI of the Bankruptcy Act on May 4, 1973, and that no plan has been confirmed or approved as of this date, and that the Debtor should be adjudged to be a bankrupt;

2. That Joe N. Cagle was appointed standby Trustee of the Estate of the above-named Debtor, on June 27, 1973, and that the said Joe N. Cagle accepted such

appointment.

NOW, THEREFORE, for sufficient cause shown, it is

ORDERED that the above-named Debtor is adjudged to be a bankrupt; and it is further

ORDERED, that Joe N. Cagle, be and he hereby is, appointed Trustee of the property of Golden Enterprises, Inc., the above-named Debtor; and it is further

ORDERED that within five (5) days after the entry of this order, the said Joe N. Cagle shall qualify as said Trustee by entering into bond to the United States in the sum of $50,000.00, with such sureties as shall be approved by this Court, conditioned for the faithful performance of his official duties; and it is further

ORDERED that upon his qualification said Trustee shall have and may exercise, to the extent consistent with Chapter XII of the Bankruptcy Act, such additional rights and powers as a receiver in equity would have if appointed by a Court of the United States for the property of said Debtor; and it is further

ORDERED that during such operation and management, said Trustee shall file in duplicate with the Clerk of this Court, not later than the 20th day of each month, a report and summary of the operations of the business and the management of the property during the preceding month, which report shall include a classified statement of receipts and disbursements, indebtedness incurred, credit extended, contractual and other obligations assumed; and it is further

ORDERED that without in any way limiting the generality of the foregoing, said Trustee shall have full power and authority until the further order of this Court (a) to employ, discharge and fix the compensation, salaries, and wages of all managers, agents, employees and servants as he may deem necessary and advisable for the proper operation of the business and the management, preservation and protection of the property of said Debtor, (b) to pay and satisfy out of any funds now or hereafter coming into his possession

all claims for wages, salaries and compensation of all managers, agents, employees and servants for services hereafter rendered, (c) to buy and sell merchandise, supplies and other property, and to render services, for cash or on credit, (d) to purchase or otherwise acquire for cash or on credit, such materials, equipment, machinery, supplies, services or other property, as he may deem necessary and advisable in connection with the operation of said business and the management and preservation of said property, and to pay for any such purchases made on credit when due, (e) to enter into any contracts incidental to the normal and usual operation of said business and the management and preservation of said property, (f) to keep the property of the within estate insured in such manner and to such extent as he may deem necessary and advisable, (g) to collect and receive all rents, issues, income and profits, and all outstanding accounts, things in action and credits due or to become due to

the within estate, and to hold and retain all moneys thus received to the end that the same may be applied under this or different or further orders of this Court, and (h) to pay and discharge out of any funds now or hereafter coming into his hands, all taxes and similar charges lawfully incurred in the operation of said business and the preservation and maintenance of said property since the filing of said Petition; and it is further

ORDERED that said Trustee shall close the present books of account, as of the close of business on the date of the entry of this order, and shall open new books of account, as of the opening of business on the next succeeding business day, in which new books of account he shall cause to be kept proper accounts of his earnings, expenses, receipts, disbursements and all obligations incurred and transactions had in the operation of the business and the management, preservation and protection of the property of the

within estate; and said Trustee shall preserve proper vouchers for all payments made on account of such disbursements; and it is further

ORDERED that the Trustee is hereby directed and required to segregate and hold separate and apart from all other funds all moneys withheld from employees or collected from others for taxes under any law of the United States or of any State or subdivision thereof, and to deposit the moneys so withheld or collected in a separate bank account not later than within the calendar week next after such collecting or withholding, and the Trustee shall retain such funds in such separate bank account pending further order of this Court, except that the Trustee is hereby authorized to pay from said bank account to the appropriate authorities the appropriate amounts at the times and in the manner prescribed by law; and it is further

ORDERED that at the time of making each deposit of money in a separate bank account pursuant to this

order, the Trustee shall notify the proper Director of Internal Revenue, for the attention of the Legal Section, of the date and place of deposit and the amount of money deposited with respect to each item of Federal Tax, upon the form furnished by the Director of Internal Revenue.

Dated at Charlotte, North Carolina, this the 14th day of February, 1975.

/s/ Joseph R. Cruciani

U. S. Bankruptcy Judge

IN THE DISTRICT COURT OF THE UNITED STATES

FOR THE WESTERN DISTRICT OF NORTH CAROLINA

STATESVILLE DIVISION

(Caption omitted in printing)

MONTHLY FINANCIAL REPORT

The undersigned Trustee submits the following report of receipts and disbursements in the month of February, 1975, since the date of his qualification as Trustee:

Checking Account Balance		$ 1,049.79
Rental Income Receipts:		
Superior Continental	$ 3,276.04	
Superior Continental	5,540.62	
C.I.T. Financial		
Services	487.50	
Iron Gate Restaurant	652.44	
Beltone	538.87	15,245.47
	Total Cash	$16,295.26

Cash Disbursements:

Fidelity Federal Savings & Loan	$2,533.52	
Shelby Savings & Loan Assn.	2,637.09	
Shelby Savings & Loan Assn.	8,113.27	
City of Hickory	16.00	
Central Telephone Co.	6.00	
City of Hickory	6.53	
City of Hickory	6.53	
Duke Power Co.	107.70	
Duke Power Co.	94.22	$13,520.86
Balance in Checking Account		$ 2,774.40

Footnote #1: The mortgage to Fidelity Federal Savings & Loan Association is still two months in arrears, even after having made the monthly payment as indicated above. This is the first mortgage that is on the Shopping Center.

Footnote #2: U. S. Properties and Casa de Bonita Beauty Salon are two tenants who have defaulted and moved out of the Shopping Center. My investigation reveals thus far that collection prospects are doubtful.

Footnote #3: Travels By Golden is another tenant in the Shopping Center. It has not paid its monthly rent for January and February, 1975. The undersigned Trustee has demanded payment from this tenant.

Footnote #4: The Trustee has opened a checking account for this bankrupt estate at North Carolina National Bank, Hickory, North Carolina.

This is to certify that the above represents a true and accurate record of the receipts and disbursements of the undersigned Trustee during the month of February, 1975, in the above-referenced estate.

/s/ Joe N. Cagle, Trustee

P. O. Box 2050

Hickory, NC 28601

COUNSEL:

Joe N. Cagle, Attorney

CAGLE AND HOUCK

P. O. Box 2050

Hickory, NC 28601

IN THE DISTRICT COURT OF THE UNITED STATES

FOR THE WESTERN DISTRICT OF NORTH CAROLINA

STATESVILLE DIVISION

(Caption omitted in printing)

AMENDED MONTHLY FINANCIAL REPORT

February, 1975

349a

The undersigned Trustee submits the following report of receipts and disbursements in the month of February, 1975, since the date of his qualification as Trustee:

Checking Account Balance		$ 1,049.79
Rental Income Receipts:		
Superior Continental	$ 3,276.04	
Superior Continental	5,540.62	
Superior Continental	$ 4,750.00	
C.I.T. Financial Services	487.50	
Iron Gate Restaurant	652.44	
Beltone	538.87	
Travels by Golden	650.00	15,895.47
	Total Cash	$16,945.26

350a

Cash Disbursements:

City of Hickory-Utility bill under lease		16.00
Central Telephone Co.	"	6.00
City of Hickory	"	6.53
City of Hickory	"	6.53
Duke Power Co.	"	107.70

Duke Power Co.	"	94.22	
Shelia Rawls-Work re notice to creditors		19.50	
Instant Copies	"	28.84	
North Carolina National Bank-Checks		6.00	291.32
	Balance in Checking Account		$16,653.94

This is to certify that the above represents a true and accurate record of the receipts and disbursements of the undersigned Trustee during the month of February, 1975, in the above-referenced estate.

/s/ Joe N. Cagle, Trustee

P. O. Box 2050

Hickory, NC 28601

COUNSEL:

Joe N. Cagle, Attorney

CAGLE AND HOUCK

P. O. Box 2050

Hickory, NC 28601

UNITED STATES DISTRICT COURT

FOR THE WESTERN DISTRICT OF NORTH CAROLINA

(Caption omitted in printing)

ORDER FOR FIRST MEETING OF CREDITORS

AND FIXING TIMES FOR FILING OBJECTIONS

TO DISCHARGE AND FOR FILING COMPLAINT

TO DETERMINE DISCHARGEABILITY OF CERTAIN

DEBTS, COMBINED WITH NOTICE THEREOF AND

OF AUTOMATIC STAY

AFTER CONVERSION FROM CHAPTER XI ON

FEBRUARY 14, 1975

To the bankrupt, his creditors, and other parties in interest:

Golden Enterprises, Inc. of **1234 S. Center St., Hickory, NC 28601, having filed a petition under Chapter XI on May 4, 1973, and having been adjudged a bankrupt on February 14, 1975, for failure to post indemnity bond as ordered, it is ordered, and notice is hereby given, that:

1. The first meeting of creditors shall be held at Main Post Office Building, Second Floor, Statesville, North Carolina, on April 16, 1975, at 2:00 o'clock p.m.

2. The bankrupt shall appear in person [or, if the bankrupt is a partnership, by a general partner, or, if the bankrupt is a corporation, by its president or other executive officer] before the court at that time and place for the purpose of being examined.

3. June 16, 1975 is fixed as the last day for the filing of objections to the discharge of the bankrupt.

4. June 16, 1975 is fixed as the last day for the filing of a complaint to determine the dischargeability of any debt pursuant to § 17c(2) of the Bankruptcy Act.

You are further notified that:

The meeting may be continued or adjourned from time to time by order made in open court, without further written notice to creditors.

At the meeting the creditors may file their claims, elect a committee of creditors, examine the bankrupt

as permitted by the court, and transact such other business as may properly come before the meeting. Joe Cagle, Esq., P. O. Box 2050, Hickory, NC, was elected trustee.

As a result of this bankruptcy, certain acts and proceedings against the bankrupt and his property are stayed as provided in Bankruptcy Rules 401 and 601.

If no objection to the discharge of the bankrupt is filed on or before the last day fixed therefor as stated in subparagraph 3 above, the bankrupt will be granted his discharge. If no complaint to determine the dischargeability of a debt under clause (2), (4), or (8) of §17a of the Bankruptcy Act is filed within the time fixed therefor as stated in subparagraph 4 above, the debt may be discharged.

In order to have his claim allowed so that he may share in any distribution from the estate, a creditor must file a claim, whether or not he is included in the list of creditors filed by the bankrupt. Claims which

are not filed within 6 months after the above date set for the first meeting of creditors will not be allowed, except as otherwise provided by law. A claim may be filed in the office of the undersigned bankruptcy judge on an official form prescribed for a proof of claim.

Unless the court extends the time, any objection to the report of exempt property must be filed within 15 days after the report has been filed.

Dated: February 24, 1975

Joseph R. Cruciani

Bankruptcy Judge

P. O. Box 1109

Charlotte NC 28231

IN THE DISTRICT COURT OF THE UNITED STATES

FOR THE WESTERN DISTRICT OF NORTH CAROLINA

STATESVILLE DIVISION

(Caption omitted in printing)

STATEMENT OF ASSETS

JAMES M. GAITHER, JR., attorney for Golden Enterprises, Inc., hereby files a statement of assets pursuant to Rule 122 of the Bankruptcy Act.

1. Cash - $1,473.76

This cash represents the balance held in Golden Enterprises, Inc., Disbursement Account, James M. Gaither, Jr., Disbursing Agent, from the sale of inventory of Golden Enterprises, Inc.

2. Miscellaneous personal property - Approximate

(a) Seven (7) filing cabinets containing Golden Enterprises, Inc.'s records located at former office, now Travel World, at Golden Enterprises Shopping Center, Fourth Street, S. W. Hickory, North Carolina.

(b) Miscellaneous fixtures stored at Bekins Moving & Storage Co., 6200 Lankershim, North Hollywood, California. These fixtures have an approximate value of $16,000. Bekins claims rent due in the sum of $6,006.74. Inventory sheet will be forwarded to attach to this statement of assets when received.

3. Real Estate owned by Golden Enterprises, Inc. and Leases of Golden Enterprises, Inc. as they apply to particular portions of real estate

A. Warehouse and office located at 1516 F Avenue, S. E., Hickory, North Carolina (known as Metelpel Products Building).

Square feet - 16,250

See Book 927 at page 208, Catawba County Registry

MAI appraised value (12/5/74) - $110,000

Leased to Metelpel Products, Inc., a division of

Superior Continental Corporation

Term - 3/24/70 to 3/23/85

Annual rental - $12,187.50

Mortgages:

(1) First National Bank of Catawba County in the original amount of $74,000, current balance - approximately $48,000.

(2) Two deeds of trust to William E. Butner, Robert L. McKaughn, Jr., and Jack Sipe Construction Co., Inc. (hereinafter called BSM Mortgage) in the original sum of $360,000, current balance - $360,000.

B. Golden Enterprises Shopping Center, Fourth Street Drive, S. W., Hickory, North Carolina.

Square feet - 9,054

MAI appraised value (12/5/74) - $250,000

Mortgages:

(1) Deed of trust to Fidelity Federal Savings & Loan Assn. Original amount - $200,000, current balance - $174,000

(2) Second deed of trust to BSM Mortgage

Leases:

(a) CIT Financial Services, Inc.

Square feet - 1,500

Term - 6/1/72 - 5/31/77

Rent - $437.50 per month

(b) Fassland Enterprises, Inc.

Square feet - 2,409

Term - 5 year lease

Rent - $652.44 per month

(c) Golden Investment Company, Inc.

Square feet - 868

Term - 5 year lease

Rent - $325.00 per month

(d) Benny Young and Ardith Young

Term - 6/1/73 to 5/31/78

Rent - $538.87 per month

(e) Vacant

Square feet - 1,848

(f) Vacant

Square feet - 2,840

C. Continental Systems Supply Building, 231 9th Street Lane, S. E., Hickory, North Carolina.

Square feet - 46,000

MAI appraised value (12/5/74) - $360,000

Mortgages:

(1) Shelby Savings & Loan Association

Original amount - $260,000, current balance - $225,000

(2) Second deed of trust to BSM Mortgage

Leases:

(a) Continental Systems Supply, a division of Superior Continental Corporation

Term - 15 years (1971 - 1986)

Rent - $39,100 per year

D. Tate Boulevard Property, 1120 Tate Boulevard, Hickory, North Carolina. (See Book 990 at page 629, Catawba County Registry.)

16 acres

Phase I - 53,190 square feet

Phase II - 45,600 square feet

MAI appraised value (12/5/74):

Phase I & II	$ 893,000
Additional land	50,000
	$ 943,000

Mortgages:

(1) Deed of trust to Shelby Savings and Loan Assn.

Original amount - $755,000, current balance - $741,000

(2) Second deed of trust to BSM Mortgage

Leases:

Phase I to Superior Continental Corporation

Term - 1/1/74 to 12/31/76, 2 year option

Phase II to Superior Continental Corporation

Term - 8/1/74 to 8/1/75

Rent - $1.25 per square foot

Phase II to Butner, McKaughn, and Sipe

Term - 8/1/75 to 7/31/77

Rent - $.60 per square foot

E. Tract of land on 9th Street, S. W., Hickory, North Carolina.

See Book 940 at page 365, Catawba County Registry

Value - $10,000

Mortgages:

(1) Deed of trust to First Citizens Bank & Trust Company

(2) Second deed of trust to BSM Mortgage

F. Two residential lots located on 5th Street Circle, N. W., Hickory, North Carolina.

See Book 988 at page 595, Catawba County Registry

(Plat Book 13 at page 39) as to Lot 2

See Book 990 at page 39, Catawba County Registry

(Plat Book 13 at page 39) as to Lot 1

Value - Lot 1 - $10,000

Lot 2 - $10,000

Mortgages:

(1) Deed of trust to First Citizens Bank & Trust Company

(2) Second deed of trust to BSM Mortgage

Copies of all leases are in the possession of James M. Gaither, Jr., attorney for Golden Enterprises, Inc., Post Office Box 1650, Hickory, North Carolina.

4. Stocks and Bonds

There were no stocks and bonds owned by Golden Enterprises, Inc. as of adjudication date February 14, 1975. See copy of letter from First Citizens Bank & Trust Company attached hereto.

5. Lawsuits

Golden Enterprises, Inc. has a cause of action against the following companies for breach of lease agreements:

(1) National Velvet Plusch, Inc. - breach of 10 year lease

(2) U.S. Properties, Inc. - breach of 5 year lease

(3) National Cash Register - possible breach of warranty of fitness for particular purpose by NCR on equipment leased from Marine Midland Bank.

Mr. Joe N. Cagle, Trustee in Bankruptcy, has been advised of the breaches.

This the 24th day of March, 1975.

James M. Gaither, Jr., Attorney for

Golden Enterprises, Inc.

(Verification omitted in printing)

(Jurat omitted in printing)

FIRST-CITIZENS BANK & TRUST COMPANY

Hickory, North Carolina 28601

March 13, 1975

Jimmy Gaither

Attorney at Law

P. O. Box 1650

Hickory, North Carolina 28601

Dear Jimmy:

In response to your letter of February 25, 1975, we have not had any stocks in the name of Golden Enterprises securing a loan. Over the many months that the Golden matter has been in litigation, we have sold stocks in the name of Tommy or Jane Golden which was used as collateral on a loan in the name of Tommy Golden. In each of these instances, when the stock was sold, Mr. Golden was advised as to the price and the proceeds were applied to the loan in his name. We have recently, at the request of Mr. Golden, contacted the members of his family and Jane's family concerning two

issues of stock, Shuford Mills and Hickory Manufacturing Company, Inc., in order that they may have first choice to buy this stock. The Shuford Mills stock was sold to a member of Mr. Golden's family and the Hickory Manufacturing stock was sold on the open market.

Also securing this loan in the name of Tommy Golden was a deed of trust executed the 31st day of January, 1972, which was recorded the 1st day of February, 1972, at 4:00 p.m. in Book 989, Page 534 and was in the amount of $150,000.00. We are still holding this deed of trust as collateral on Tommy Golden's loan.

If I can be of further assistance to you concerning this matter, please do not hesitate to call me.

Sincerely,

/s/ B. John Peele

Vice President

cc: Joe Cagle

Murray Tate

IN THE DISTRICT COURT OF THE UNITED STATES

FOR THE WESTERN DISTRICT OF NORTH CAROLINA

STATESVILLE DIVISION

(Caption omitted in printing)

MONTHLY FINANCIAL REPORT

March, 1975

The undersigned Trustee submits the following report of receipts and disbursements in the month of March, 1975:

Checking Account Balance		$ 16,653.94
Rental Income Receipts:		
Superior Continental	$ 3,276.04	
Superior Continental	5,540.62	

Superior Continental		4,750.00	
C.I.T. Financial Services		487.50	
Iron Gate Restaurant		652.44	
City of Hickory - Refund		6.73	14,713.33
		Total Cash	$ 31,367.27

Cash Disbursements:

City of Hickory-Utility bill under lease		$ 16.00	
Central Telephone Co.	"	6.00	
City of Hickory	"	6.53	
City of Hickory	"	6.53	
Duke Power Co.	"	103.02	
Duke Power Co.	"	87.11	
Advanced Court Reporters - Reporting hearings		95.00	320.19
		Balance in Checking Account	$ 31,047.08

*Rental payments for the month of March have not been received from Travels by Golden and Beltone.

This is to certify that the above represents a true and accurate record of the receipts and disbursements of the undersigned Trustee during the month of March, 1975, in the above-referenced estate.

/s/ Joe N. Cagle, Trustee

P. O. Box 2050

Hickory, NC 28601

COUNSEL:

Joe N. Cagle, Attorney

CAGLE AND HOUCK

P. O. Box 2050

Hickory, NC 28601

IN THE UNITED STATES DISTRICT COURT

FOR THE WESTERN DISTRICT OF N. C.

Charlotte Division

(Caption omitted in printing)

TRANSCRIPT OF FIRST MEETING OF CREDITORS

AFTER CONVERSION FROM CHAPTER XI

APPEARANCES:

Joe N. Cagle, Attorney at Law, P.O. Box 2050, Hickory,

N.C. 28601

Trustee for Golden Enterprises, Inc.

Mr. James M. Gaither, Jr., Attorney at Law, Hickory,

N.C.

Attorney for Golden Enterprises, Inc.

C.B. Cash, Jr., Attorney at Law, Shelby, N.C.

Attorney for Shelby Savings & Loan Association

Mr. W.E. Butner, Attorney at Law, Hickory, N.C.

Representing himself and Mr. McKaughn

William R. Sigmon, Attorney at Law, Hickory, N.C.
Attorney for Fidelity Federal Savings & Loan Association and First National Bank of Catawba County

Wayne Huckel, Attorney at Law, Charlotte, N.C.
Appearing on behalf of Edgar Love, Attorney for Marine Midland

W. George Huffman, Attorney at Law, Hickory, N.C.
Attorney for Jack Sipe Construction Company

Wallace Dixon, Attorney at Law, Statesville, N.C.
Appearing on behalf of T.C. Homesley, Jr., Attorney for Top Brands, Inc.

This matter came on for hearing before the Honorable Joseph R. Cruciani, at Statesville, North Carolina, on April 16, 1975, when the following proceedings were had, to-wit:

THE COURT: This is a converted proceeding. Mr. Cagle, would you give the creditors and the Court a report of what has transpired on this since the conversion.

MR. CAGLE: May it please the Court, since filing of the Trustee's bond, I have been collecting the rents and making the nominal utility bill payments from the rental income as required under the leases. I filed with the Court an inventory and a Statement of Assumed Contracts which, in effect, are the existing leases. I have been able to lease one of the office spaces in the Golden Shopping Center or office complex, whichever you prefer to call it, so that there are now five spaces rented in the shopping center. And, I have with me today, a petition asking the Court to review my petition for permission to lease another space in the shopping center to an insurance agency, Freelon Broome Insurance Agency in Hickory, but it is for only a one year term, but it is at a rate of four and a half per square foot which is a favorable rate, competitive from the landlord's standpoint. We have had many discussions with many creditors and many discussions with prospective buyers of the property.

We have reviewed the files of the attorney for the bankrupt, and have reviewed the appraisals that he had previously had made from Mercer Simmons, M.A.I. We have also reviewed and discussed personally with Mr. David Reule, of Reule Investment Company, which is a subsidiary of Reule Realty Corporation, in Charlotte, who made an in depth analysis of these pieces of real estate in January of this year. Also, the entire Catawba County has been -- or just underwent a re-evaluation by the Catawba County tax collector's office under a State statute. So, what I'm saying to the Court in that respect is that we have Mercer Simmons' appraisal which he testified to on December 5, in court proceedings, before this Court in Charlotte, this last December. I have Reule's appraisal, which he made January 21, 1975. And, I have the new tax values for 1975 that have just been appraised, and,I might point out that Mr. Gaither and I got in on the tailend of it because of my appointment the latter part

of February. I objected to some of the values and a couple of them were lowered, but the rest were not. And I have with me today a petition to present to the Court. It's rather lengthy, but I would like to -- for the record today, in case someone wants to inquire about it, asking the Court for permission to waive any new appraisals. In this petition I set forth at length what I have just summarized in this respect, and I have summarized the descriptions of the property, the tax map reference, Deed Book page, and the existing leases and the outstanding first mortgages. As we all know, the separate pieces of real estate are subject to separate first mortgages. There is a blanket, or one deed of trust, which is a second deed of trust, on all of the parcels of real estate. In analyzing the situation -- oh, excuse me, these are the Reely appraisals that should be exhibits. In analyzing the appraisals and the outstanding balances on the real estate mortgages, it is a difficult decision as to how this

proceeding should proceed. Before I get back to that, however, let me say that as of today, and I brought it with me so that the Court would have it before it, we have collected and have on hand, cash in the amount of $50,168.33, as of today. The only tenant that has not paid the April payment -- rent payment today is Golden Travel Agency, which has changed its name now to Travel World. Perhaps I could rest before I make any further comments, or at least my opinion as to how it should progress. Maybe I should answer any questions at this time.

THE COURT: What is your recommendation to the Court as to how to proceed in this case?

MR. CAGLE: In sort of random fashion here. There are two other items of assets that I didn't mention a while ago. Number one, there are four filing cabinets and some file cardboard boxes out there in the Golden Shopping Center, which have a value of less than a hundred dollars, so that is of no consequence,

relatively speaking. There is a large number of display cases stored in Bekins, in North Hollywood, California. There is outstanding a storage bill thereon for the past year of a little over six thousand dollars. I have been communicating with their attorney, after I finally got their attention, and talked to a number of their officers, and they have been trying to find prospective buyers for that equipment for the past several months, in anticipation of selling it under a warehouse lien. They tell me that they have not been able to locate any buyers. The best opportunity to sell it would be to another discount type of operation, and the economy being what it is, they say to me, and I have no reason to doubt it, that they are hard-pressed to scurry up any prospective buyers, and I am in a quandry, based upon my correspondence and several telephone conversations with them out there, as to whether or not it is worth the time, effort and expense to get those items appraised out there, and try to sell

it. Okay, so my first impression on that -- those display cases, and I just this week got in the mail a list of them. There are about a little over 300 of them -- odd items, display cases, metal book racks, and things like that. My first impression on that is to abandon that to the warehouse in satisfaction of their storage lien. Okay, now that comes down to the basic real meat of the whole bankrupt asset, which is the real estate in Catawba County. And, the big item, of course, is the warehouse facility on Tate Boulevard. Now, in my opinion, and without being too immodest or modest whichever the phrase is, I'm not totally unknown to real estate transactions in Catawba County, and in my humble opinion that piece of real estate is unsellable at this time. I just do not believe that we're going to be able to find a buyer, either at a public or private sale for these reasons: number one, the economy, and number two, the existing leases run out in the option or at the option of the tenants, Superior Continental. One phase of it runs out August '75. The other half of the facility runs out December '76. Do you follow me? Okay, there is a first mortgage on this facility in the present amount -- let's say present principal amount of approximately $742,000.00. Mercer Simmons testified on December 5, 1974, that that real estate -- the Tate Boulevard property, and the additional five acres which is the undeveloped land right beside of it, which I call the entire Tate Boulevard property -- he testified that the value was $943,000.00. Okay, Mr. Reule's appraisal in January of '75, says $799,384.04. The 1975 Catawba County tax value is $599,310.00. Now, the value is probably there to equal what Mr. Mercer Simmons says is there. Simply the overall picture, the economy, and the demand. In Catawba County there are a lot of warehouse facilities vacant right now, and I just believe that that's going to be too difficult to do anything with. Now, the three vacant lots that First

Citizens Bank & Trust Company has a $150,000.00 mortgage on, two of them are residential lots, one is quasi-residential, quasi-office and institution. Okay, December 5, First Citizens says through their attorney that they thought it's probably -- the three lots are worth are probably worth $30,000.00. Well, I know exactly where they are and if they're worth $30,000.00 that's pushing it. The tax valuations for 1975 are one is $7,000.00, one is close to $7,000.00, and the non-residential lot is $10,000.00, and a few dollars. Okay, so, there is no equity in those lots. All right. However, the facility on Little Street, S.E., some of you may have it listed as 231 9th Street Lane, S.E., which some of you have been calling the Continental Supply facility. There is equity in that facility under everybody's opinion. Mercer Simmons testified December 5, 1974, that that facility was worth $360,000.00. Reule says in January '75, that it's worth $336,000.00. I'm forgetting a few dollars there. The '75 tax value is

$290,000.00. Okay. I have two oral requests to purchase it. One is in the amount of $300,000.00, and one is in the amount of $305,000.00. I think that's too low, frankly. The first mortgage balance on that one is in the approximate amount of $225,000.00. So, under everybody's appraisal there is equity there, of at least $80,000.00. Even, you know, at the $305,000.00 buyer that it can be sold for, I know, today, there is an $80,000.00 equity, minimum. And, based on the appraisal there is up to $125,000 to $135,000 equity there. Okay. The shopping center on 4th Street Drive, the Golden Shopping Center, Mercer Simmons has valued at $250,000.00, Mr. Reule says $256,000.00, the tax appraisals say $253,000.00. So, you see Mercer Simmons, Reule, and the tax appraisals are fairly close on most of them, with the exception of the Tate Boulevard property. All three of them are far apart on that but on all the others they are really close. That's why I don't think we ought to spend

more money on appraisals. But, let me go on to the other one. The balance on the first mortgage on the shopping center property is approximately $175,000.00. I'm talking about principal now. Okay, so there is at least $75,000.00 equity there. Okay, now the real estate on F Avenue, S.E., which some of you know as the M-e-p-e-l Building, Mercer Simmons says is worth $110,000.00. Reule says $98,000.00, and the tax value says for tax appraisals it's worth $104,950.00. The outstanding mortgage principal amount as of January 15, and I say January, maybe the date is wrong, but the month January, principal balance was $48,000.00. Now, we can see that there is an equity there somewhere between forty to sixty thousand dollars. I have an oral request, and somebody will put in a bid if we go that route to sell it, I have sort of a standing offer, I believe it's $94,000.00 on that one. Okay, so what I've done, and I've presented a copy of it to the Court, is prepared a memo here entitled "Trustee's Recommen-

dations," and under what I have just said, what I'm recommending is that the three pieces can be sold because there is clear cut equity there -- it can be sold, that is, by the buyer assuming the first mortgages and with the second lien holders then attaching to the proceeds-- that is, the equity. That is one method, and abandoning the other items of personal property. I have a second alternate for the Court's consideration and that is the same on the personalty, the filing cabinets and stuff in California -- abandon that, and consider the Trustee conveying his title to all the real estate to the second mortgage holders, and let the second mortgage holders then work things out between them and the first mortgage holders, which at that point I guess we could pretty well wrap the thing up. In effect, there wouldn't be anything left. And then, the third proposal really is to acquiesce or just agree to the mortgage holders filing their adversary proceedings to reclaim and foreclose under their deeds of

trust. But that would not -- a foreclosure would not net as much, I don't think. I don't think a foreclosure is what would be good for any creditor, whether they are secured or not. I don't see any hope while there is a possibility with interest rates coming down that these values and the real estate will continue to go up, there is that possibility. The problem is that the interest rates are going down faster than the demand is picking up. And I simply do not see any possibility of making a sale of any of these pieces, with the exception of the three that I mentioned, the shopping center, Mepel Building, and the Continental Supply building. And, frankly, if we sold them today, and I'm sure the second mortgage holders would say this, they would be selling them at too low. I'm sure the attorney for the bankrupt -- he's already stated we would be selling them too low, and I agree with him, because they should be worth more. The property should. So, when I started thinking of them in those terms, that

led me to the suggestion that maybe we ought to think in terms of the Trustee conveying his title to the second mortgage holders. You know there is a second mortgage for $360,000.00, and let them take it from there. Convey it to them subject to the first mortgages, in full satisfaction of their liens, which means nothing insofar as the other creditors are concerned because there wouldn't be any money for them. And then, of course, use the $50,000.00 cash, to pay the court cost first, cost of administration, and there are some bills pending that were incurred during the process of Chapter XI, that have been unpaid and need to be resolved. One item for example, and I'm not certain, Attorney George Huffman is here and maybe he can explain it, I'm sure, between him and Attorney Jim Gaither, one of these bills remaining unpaid during the administration of the Chapter XI is an item to Jack Sipe Construction Company for a sprinkler system, about twenty some thousand dollars. I'm not certain,

but I think -- my interpretation is that that bill -- that item was in addition to the $350,000.00 mortgage that Jack Sipe Construction and Mr. Butner and Mr. McKaughn have. Have I got everybody confused?

MR. HUFFMAN: Your Honor, concerning the sprinkler system, he is correct. Completion of the property last summer, approximately $21,500.00 due for the sprinkler system and a shortage in the disbursements from Shelby Savings & Loan which were applied to ad valorem taxes of an additional approximately $5,000.00. The total is approximately $26,500.00 on the completion of Phase II of the Tate Boulevard property.

THE COURT: Mr. Cagle, do you plan to make an application to the Court?

MR. CAGLE: I wanted to see what transpired here today before I did, but after today I realize that I'm going to have to. In my recommendation, although it is in writing, it is not in the form of a petition per se.

THE COURT: Any public sales of property through this Bankruptcy Court of course would be subject to confirmation by the Court. That might clear the way sometime for some private efforts if the public sale doesn't bring enough. Let me hear from any other creditor who wishes to be heard at this time.

MR. CASH: I represent Shelby Savings & Loan Association. I think Mr. Cagle has given a fair and probably accurate representation of the values in this matter. My client has two deeds of trust on two particular pieces of property. Id' like to clarify one thing. The Continental Supply facility that you speak of is on the east side of State Road No. 1653. Isn't that the Continental Supply?

MR. CAGLE: Yes, sir.

MR. CASH: Our first deed of trust is against what has been termed as the Continental Supply facility on the east side of State Road No. 1653, in Hickory, N. C., and presently there is a balance of $228,339.98 on this,

and the matter is three months delinquent, and the delinquency is $7,911.27, and I would agree with the Trustee that there appears to be equity there, so I would not request the Court to release this property. Now as to the second tract of property which is on the south side of Tate Boulevard, west of 15th Street, in Hickory, N.C., which is sometimes called the warehouse facilities, the Shelby Savings & Loan has a first deed of trust on that and the present balance is $760,148.81. This is also three months delinquent, in the amount of $24,339.81. Representing Shelby Savings & Loan Association we would make a motion at this time that this warehouse facility on which is owed $750,148.81, be released by the Trustee to the Trustee in the subject deed of trust. Mr. Cagle has stated that he feels that this is unsellable for three reasons and I would probably agree with him on those reasons. He said there is no equity in the property insofar as the Trustee is concerned. One, the economy, two, the existing leases

are running out in a relatively short period of time, and we would petition the Court at this time to release this unsellable piece of property to the Trustee in the deed of trust and the _____trust for sale under a deed of trust procedure.

THE COURT: Have you filed an adversary proceeding to recover property?

MR. CASH: No, sir, we have not. We'll be glad to do that.

THE COURT: I would advise you to do that, if that is what you want done in the proceeding so that the Trustee or any other interested party might file an answer in response to your request to recover the property for that purpose. Any other creditors wish to be heard at this time?

MR. BUTNER: If it please the Court, at this time I'd like to speak in behalf of Mr. Cagle's proposal here to reconvey this property to the second mortgage holders. It is the only possible way for the second

mortgage holders to recoup any portion or a substantial portion of the debts owed to the three. And, I'd just like to encourage the Court, in its equitable powers, to do just that, at the earliest possible date.

THE COURT: If I allow the Trustee to do that, how would the cost and expenses of administration that have been incurred to date be paid? What would be the possibility?

MR. BUTNER: We would hope, Your Honor, that the $50,000.00 cash that he has on hand would cover those expenses.

MR. CAGLE: If I might interrupt. If they would, while I have not discussed this with the second mortgage holders, if that amount would cover it, I believe that the second mortgage holders would waive any claim therein to it. I make that suggestion off the top of my head that they would be willing to, from what Mr. Butner has just said.

MR. BUTNER: I couldn't speak for the other two,

Your Honor, but for myself, I would be agreeable to do that.

MR. CAGLE: The only thing that would need to be resolved would be the unpaid bill to Jack Sipe Construction Company and these other items.

MR. GAITHER: May I speak, Your Honor? With respect to the sprinkler system, Your Honor, I feel like Jack Sipe Construction Company has been put in rather an awkward position by a combination of events. Superior Continental wanted that sprinkler system in there. It was not included in the overall construction bill, but had been included in the third mortgage. Yet, when they went over there to complete the building, I think Superior Continental was more or less adamant in wanting it in there, and they were getting ready to sign a lease and they agreed to make those payments available to pay that, with the understanding that they had to get Shelby Savings & Loan Association's permission to do that because they were entitled to the monthly pay-

ments under the lease. And there was a lot of talk and a lot of representation about that time with respect to Superior Continental signing a long term lease. And, if Superior Continental had signed a long term lease, I don't think we would have this problem, but Superior Continental has felt the effects of the economy also, and has found it necessary to cut back in a number of areas, and one of their cut backs is the reason, I think, that the Chapter XI failed by being unable to get a long term lease. Now, one point Mr. Huffman was stating, if we could just go in there and take the sprinkler system out, that would suit him fine because he had a place he could put it and use it. I don't know whether that's still true or not, but it would be -- you might consider holding a hearing on this matter and deciding. Because there is very little money for expenses of administration, etc., you might want to consider allowing them to go in and pull it out, because it was put in during the pendency of the XI, and it was put in in ad-

dition to the $110,000.00 that the Court awarded them to complete the -- in other words their contracts says to complete Phase II and does not include the sprinkler system but they went ahead in good faith, and put it in, in hopes of putting this whole thing together, and then Superior found it necessary to not commit themselves for a long term lease because of the economy and that's where we stand with it. And, if they could take it out and turn around and put it in another building somewhere, which at one point they said they could, I don't know whether they still can or not, and I wouldn't want to speak for them, but that might be a solution to that problem, and I just offer that for what it's worth. I'd just like to add that I don't intend to take away any value that you'll have over there without a proper--the Savings & Loan over there, I'm sure, maybe would like that thing to stay in there , but I'm just saying that there might ought to be a hearing on it.

MR. CASH: May it please the Court, representing

Shelby Savings & Loan, it is our opinion that the sprinkler system has been permanently affixed to the realty and, therefore, cannot be removed. It has acquired the character of realty.

THE COURT: That would be one of the problems resolved in an adversary proceeding that you bring.

MR. SIGMON: May it please the Court, William Sigmon for Fidelity Federal Savings & Loan Association, and First National Bank of Catawba County, which holds a first deed of trust on tracts of land and buildings in which there is substantial equity. These obligations have been in default for some time and it creates certain internal problems for the financial institutions and regulatory authorities which put pressure on them to resolve it. We would ask that this proceeding continue with all reasonable dispatch and we believe it would be faster to proceed and to bring adversary proceedings on behalf of first mortgage holders in this instance. But, we would like to ask for a prompt and speedy disposition

of this matter.

MR. HUCKLE: Your Honor, on behalf of Marine Midland, there was an order entered during the pendency of the arrangement compromising Marine Midland's claim and reducing it from an initial value of I think approximately $108,000.00 down to an unsecured claim of $67,000.00, and, the order also called for Marine Midland to file a proof of claim in the arrangement. Our client is concerned -- it doesn't seem like there is going to be much for unsecured creditors at this point. They would like to know if they have to file another proof of claim in this proceeding, or will the prior proof of claim carry over.

THE COURT: If you filed a proof of claim, the Court will make an order allowing the claims that have been filed in the XI proceeding to be treated as filed in this proceeding.

MR. HUCKEL: So we should prepare an order for your signature.

THE COURT: I believe the effect of it anyway would be to file one time. When and if I would call for claims--anything that was filed in the XI proceeding, is considered filed in this proceeding. If you want an order like that to pacify your client, or assure your client, I'd be glad to sign it, Mr. Huckle.

MR. HUCKLE: Thank you, Your Honor.

THE COURT: Any other creditor wish to be heard?

MR. GAITHER: Your Honor, could I bring up another problem as attorney for the debtor? Your Honor, when the Chapter XI was started, we obtained the services of an accountant, Mr. William J. Lawing, and the initial order appointing him allowed him -- there was a limit on what he should be paid, like $1,500.00. We got into the Chapter XI proceeding, and Mr. Lawing, and I guess myself too, Your Honor, were more or less unaware of that $1,500.00 limit, and the time came when Mr. Lawing wanted to be paid and wanted to present a bill to the Bankruptcy Court, and I filed an application

and it was picked up in the Bankruptcy Office that the application was for more than the order allowed. I discussed with the personnel entering a nunc pro tunc order allowing a greater amount or greater limit, because the length the thing ran and everything, I think I may even have filed something one other time that wasn't acceptable, and I'm faced with an unfinished duty really, I think, toward the accountant, assuming that his claim for services rendered is properly filed. Not that he would get everything he asked for, it's just that his claim is for approximately $4,000 and some dollars, and I have these other applications that have been marked filed and been "x'd" out because of the problems that existed, and I'm really asking the Court how may I properly get him filed before Your Honor for consideration with respect to his fee, in view of the fact that he does have -- he is asking for more than $1,500.00, and has probably performed services worth more than that.

THE COURT: There is nothing to prevent him from

filing application for fee determination and the creditors would be given notice of that in this proceeding so that they would have an opportunity to be heard.

MR. GAITHER: So he could just file it like it's a normal application pursuant to -- you see, he was appointed before the new rules went into effect, but I believe--

THE COURT: The fact that there was a limitation and that he exceeded that limitation would not work to his benefit, but there is nothing to prevent him from filing an application for allowance beyond that amount. I don't know what his reasons would be, but this is a Court of equity.

MR. GAITHER: Thank you.

THE COURT: I'm not disposed to believe that it would be in the best interest of all the creditors to convey that property to the second mortgage holders, Mr. Cagle. I'll have to take a while to digest that suggestion, and one of the reasons is I'm not sure what the extent

of the costs and expenses of administration are and how they should be borne by the creditors.

MR. CAGLE: Yes, I've been thinking about that myself. There should be, of course,-- the Court would have to consider several claims in that respect, court costs -- I feel like the Court should award the attorney for the debtor a fee, and then there's the C.P.A., that rendered services during the administration that should be paid as a cost of administration.

THE COURT: At the same time, I'm sympathetic with Mr. Sigmon's position that we ought to move on with the administration of this estate, and get sold that property that ought to be sold as soon as possible. There is no reason why, even if you make an application to do that, that you can't require that applications for allowances be filed before a certain date and get that on the road, get that started, and maybe set a hearing at which your application to sell the property free and clear of liens and encumbrances with liens to attach to

the proceeds or what other conditions you might ask the Court to sell the properties by, be considered, and applications for allowances to be considered at that time too. There is the possibility that if the public sale of the property doesn't bring enough for the Court to confirm it, it would be your duty to recommend confirmation or rejection for reasons known to you. The other alternative might still be available.

MR. CAGLE: Along that line of thought, the best procedure would be to have a public sale.

THE COURT: I think that would be best. Of course, that's your first step. If it doesn't work, we'll have to determine the allowances, cost and expenses of administration would be the figure that you would know what it would be.

MR. CAGLE: I want to sell it -- my thought, is to sell it subject to the first mortgages.

THE COURT: The sale can be ordered with any -- free and clear of all encumbrances, or free and clear

of all liens and encumbrances with exception of. Whatever they might be.

MR. CAGLE: Well we'd get more buyers, because nobody can come up with that kind of money now days. It's a problem.

THE COURT: Of course, I'm of the opinion that maybe a little delay may have helped this proceeding. Money seems to be more available now.

MR. CAGLE: Yes, money is more available and interest is going down, but, I think they're scrutinizing the lending closer then they use to, and I think people are more afraid to go and borrow a lot now. But, money is more available then it was say in December, for example.

THE COURT: If you'll make an application to sell free and clear of liens and encumbrances, with the exception of, if you want the first mortgage or subject to the first mortgage, make it in that way. We'll have one adversary proceeding which will be filed and we'll

try to make a determination maybe at the same time or with the reservation in your application to sale. The Tate Boulevard property may or may not be sold, I don't know. I haven't made a determination and I won't until I hear that adversary proceeding. There are some complications in that property.

MR. BUTNER: If it please the Court, Your Honor, I'll try and discourage him from that. That's the liability side of this real estate.

THE COURT: Mr. Cagle, I appreciate your report. You've done an excellent job and I appreciate the assistance in the administration of the estate.

MR. CAGLE: You do recall that I have a petition and proposed order regarding that one year lease. I tried to get a three year, but a one year will be that much more income.

THE COURT: Is there anyone who would want to speak in opposition to the Trustee getting some rentals for property that is currently being administered by

the bankrupt estate?

MR. CAGLE: It's enhancing everybody's position.

THE COURT: I have authorized you to enter into a lease.

MR. CAGLE: Thank you, Judge.

CERTIFICATE

I, Paulette H. Harris, Notary Public and Official Court Reporter for the Western District of North Carolina, do hereby certify the foregoing twenty-four (24) pages, to be a true, complete, and accurate transcript of the above proceedings, as reported by me on April 16, 1975.

This the 21st day of August, 1975.

/s/ Paulette H. Harris

My Notary Commission expires: July 7, 1980